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ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

Price Compensation Measures, Procedures Detailed

914D0177A Moscow RABOCHAYA TRIBUNA
in Russian 4 Apr 91 p 3

[Olga Berezhnaya and Yelena Vasilkova report on briefing for journalists given by officials of USSR Goskomtrud and Goskomtsen in Moscow: "Prices and Compensation. Who Gets More?" subtitled "Each Republic Has Its Own Price Tag Amendments"]

[Text] "Although we have not yet conducted a special statistical investigation, operational information is already coming in from the field," N. Cheshenko, deputy chairman of the USSR Goskomtrud [State Committee for Labor and Social Problems] began the briefing.

L. Bezlepkin, deputy chairman of the USSR Goskomtrud, and I. Gorbachev, deputy chairman of USSR Goskomtsen [State Committee on Prices], also participated in the meeting with journalists, held on the first day that new retail prices went into effect.

And so, first: Did all citizens succeed in getting compensation?

Unfortunately, no. While by 28 March, 90 percent of pensioners succeeded in adding to their purses, payments for children were not made everywhere and to everyone. There was also a lot of confusion at enterprises, most of all at those where individual resources are not enough to cover increasing expenditures. Those collectives that have fallen into a critical position through no fault of their own will be furnished support from all-Union and republic funds for the stabilization of the economy. If the reason for insolvency lies in the collective itself, apparently, it will be necessary for local organs, which are now becoming more independent and decisive, to look into the matter.

This also became apparent in the approach to the reform of price formation.

Thus, in Belorussia and Russia the "ceiling" on payment of compensation to families with children has practically been removed. In Moldavia, for both workers and pensioners the minimum compensation has been set at 65 rubles [R]. The republics also went their own way in the revision of prices. In Uzbekistan, for example, beef has gone up in price to R12 per kilogram, but the cost of bread and bakery products remains unchanged.

In Latvia and Lithuania, food products became more expensive as early as last year, and the price of many products was considerably higher than anticipated by the center. There is nothing surprising. Latvia, for example, decided to reject subsidies entirely, including for the meat and dairy industries, and for that reason the cost of beef reached R12 per kilogram. Insist on a reduction?

But under the prices adopted in the republic, provision was made for weightier compensations.

On the whole, despite individual differences a general approach has been found to price formation, and the republics are operating in a coordinated way.

Agreement has also been reached with the Moscow Soviet of People's Deputies. Recently, state public trade offered Muscovites meat and eggs at contract prices that exceed those adopted at present. The Moscow Soviet and the Moscow City Executive Committee revoked their decision. But judging by the facts, some stores in the capital proved deaf to the decision of the local authorities. In any case, on the day that new prices went into effect in the store on Pyatnitskiy Street, the residents of the capital were cordially offered cod for R7.60 at a time when the fixed price for it was R2.20, and in store No. 10 of the Gagarin Rayon Trade Department, sunflower oil was being sold not for R3.40 but R8.10. The sales people made excuses: the last of the commodities that were acquired on a contract basis have to be sold. The position of the Goskomtsen [State Committee on Prices] is unequivocal: the agreement is signed, and it has to be fulfilled. Just as it is also time to cancel the sale of cigarettes at commercial prices, no matter what noble intentions the capital managers profess.

Unfortunately, the inclination to violations is not only being manifested in the capital. And not only by producers of consumer goods. An ukase of the president on the introduction of new wholesale prices established a list of production-technical products that must be sold at fixed prices, but enterprises persistently present them to subcontractors at contract prices, and they, placed in an untenable position, are compelled to agree to extortionate conditions.

"Regardless of the departmental subordination of the violators and their locations, the price-fixing organs in the localities will take all measures to bring order and keep prices in consonance with legislation in force," I. Gorbachev assured.

But there are a lot of things that are not clear. We hope that the organizers of the briefing will help sort things out.

[Question] Why does compensation for workers amount to only R60, and not more?

[Answer] A total of R260 billion was allocated for compensation. Divide this sum by 300 million persons (rounded figure of the country's population), and then divide once more by 12 months. The result: about R70 per person per month. But, at the same time, we must not forget those who work in the so-called nonproduction sphere—health services, culture, and medicine—whose salaries it was recently decided to raise at the expense of these same resources. In addition, there is an increase in the sum allocated for the support of boarding schools, hospitals, and old-age homes. As a result, we arrive at the figure of R60.

[Question] Is the number of people who live below the poverty line increasing in connection with the price increases?

[Answer] This line is continuously moving. While a year ago 35 million people had a minimal income of R70-R75 per person, the low-income limit has now been raised to R100, but then the number of people who are below this same line increased—it is now about 80 million. With the increase in prices, logically the number of poor should also increase, but this also depends on how prices behave.

[Question] Is there supposed to be compensation for dependents? For example, for an unemployed wife and children over 16 years of age? A recent issue of ARGUMENTY I FAKTY states that it has been set, and that it will be R60. Is this correct?

[Answer] According to all-Union regulations, neither a wife nor children over 16 years of age, if they are not students and do not work anywhere, will receive any kind of compensation. But the republics can arrive at different decisions on this score at their discretion.

[Question] As has become known, with the increase in prices, payments for food and maintenance have increased by almost four times in some kindergartens, day nurseries, and boarding schools. What decisions and norms were used to establish this?

[Answer] This is clearly some kind of independent action on the part of local organizations.

[Question] A child has been going to a departmental kindergarten of an enterprise in which his parents do not work. Now they have been given an ultimatum: either take their child out, or pay compensation to this enterprise of R1,500. What is to be done in such a situation?

[Answer] They are acting according to the logic: the master is the lord. The regulation of such questions should go through the local soviets.

[Question] Will mothers who take care of children under three years of age receive anything?

[Answer] That is, you have in mind a situation when a child is more than a year and a half old? Here the arrangement is as follows: for a child at an age from one-and-a-half years to six years, provision is made for an allowance of R35, plus compensation added to the allowance of R45—a total of R80, plus a price compensation for increased costs of children's goods of R200 per year. It was decided to divide it into four parts, and issue it once a quarter.

[Question] Where do single mothers obtain allowances for children?

[Answer] At the social security office.

[Question] And students in daytime VUZ's?

[Answer] At the institute.

[Question] Many who came to eat in restaurants discovered that prices had increased excessively. One student called up: the cost of dinner at the institute has gone up to R4. How lawful is such a jump?

[Answer] Food products have become much more expensive, but to ease the situation we recommended that administrations of public catering lower the extra charges. But, apparently, this has not been done everywhere. I think that worker control should get involved here.

Ukase on Supplying Enterprises With Resources Published

9IP501604 Moscow PRAVDA in Russian 13 Apr 91
Second Edition p 1

[Ukase signed by M. Gorbachev, president of the USSR, in Moscow, the Kremlin, on 12 April: "On Emergency Measures To Ensure the Supply of Material Resources to Enterprises, Associations, and Organizations"]

[Text] The fall in output and imports, and also the continuing disruption of existing economic ties is forcing many enterprises to come to a standstill. In order to prevent chaos and mass unemployment, I decree:

1. That republican and local bodies of power are to be asked to revoke, within a week, decisions banning the export by enterprises of output to destinations outside specific republics, krays, and oblasts, and also decisions by republic and local bodies of power and administration on the unauthorized utilization of output allocated to consumers in fulfilment of state orders. When this deadline expires, the aforementioned decisions will no longer have legal force.

2. In order to prevent the halting of enterprises due to a shortage of raw and other materials and components, and bearing in mind the proposals of the republics, to authorize the USSR Ministry of Material Resources, on the basis of representations by management organs of the USSR and republics or in agreement with them:

—to specify the amount of supplies of goods to consumers envisaged in the plans for 1991 in the light of the actual state of resources and interrepublic agreements;

—in the second-fourth quarters of 1991, to centrally allocate some of the material resources left to enterprises for free sale.

Here the contracts concluded by enterprises for 1991 and prevailing economic ties should be preserved to the utmost possible extent.

3. As an exception to paragraph 2, article 23, of the USSR "Law on Enterprises in the USSR," to establish that orders for the supply of output during 1991 placed by the USSR Ministry of Material Resources are to be

binding on all enterprises, associations, and organizations, irrespective of their departmental subordination and territorial location.

The liability of enterprises, associations, and organizations for the nonfulfilment of contractual obligations, contained in the stipulated order placement, ensues with consideration of changes in production delivery volumes in accordance with this Ukase.

[Signed] M. Gorbachev, president of the USSR, Moscow, the Kremlin, 12 April 1991

Conference on Enterprise Issues Opens

LD1004193291 Moscow TASS in English 1611 GMT
10 Apr 91

[Text] Moscow April 10 TASS—An all-union conference, "The Enterprise in the Period of Transition to Market Relations," has opened here today.

It is being held by the Academy of the National Economy of the USSR and the Institute of Economy and Organisation of Industrial Production of the USSR Academy of Sciences' Siberian branch.

The forum is attended by about 300 directors of large factories and associations, scientists, presidents of industrial unions and associations.

A report on the government's anti-crisis program was delivered by Deputy Prime Minister of the USSR Vladimir Shcherbakov.

The first market "sprouts"—joint stock companies, stock exchanges, various banks, small businesses—have made their appearance in the course of the cardinal economic reform in the country. The union parliament is discussing a bill on privatisation.

The conference has on its agenda topical issues of market relations: competition in the context of dominant monopoly structures in the national economy, transition from barter deals to direct mutually beneficial ties and deliveries of raw materials, stock and equipment. Questions of marketing, price formation and conversion will also be discussed.

A meeting of the all-union club of directors will be held during the four-day conference. Its participants will analyse the experience of enterprises' operation on the way towards market relations.

A discussion will be held on prospects of development of small-sized enterprises, with Moscow alone having 9,000 of them. The guests of the forum—prominent scientists and businessmen from the United States—will hold a round table discussion "Free Enterprise in the Market Economy."

INVESTMENT, PRICES, BUDGET, FINANCE

Free Price Formation Procedures Explained

914A0607A Moscow TORGOVAYA GAZETA
in Russian 2 Apr 91 p 2

[Unattributed interview with O. Bogdashin, head of the USSR Ministry of Trade department on prices, under the rubric: "Timely Interview"; place and date not given: "How Free Prices Are Formed"]

[Text]

[TORGOVAYA GAZETA] The reform of pricing stipulates three categories of prices: fixed, regulated, and free. Please tell us about the mechanism for forming free prices.

[Bogdashin] The statute on the mechanism for forming contractual free prices was approved by decree of the USSR Council of Ministers on 12 November 1990. It defined a limited circle of goods for sale at free prices. These consist of two groups of light industry goods such as goods made of natural fur for adults and machine-made rugs. And eight groups of consumer and economic goods: jewelry products, goods that use precious metals, goods made of crystal, china, furniture suites, and spare parts for automobiles.

Now, after the implementation of price reform, this list has been significantly broadened. Nineteen groups of light industry goods and 31 groups of cultural and economic goods will be sold at free prices.

Now about the mechanism for the formation of prices. There are four influences on free prices: industry, the wholesaler, the retailer, and we, the purchasers... Let us begin in order—with industry, which forms the so-called wholesale prices. They include expenses for manufactured goods, profitability, and in several instances a turnover tax, for example on rugs.

Wholesale prices are set on the basis of a contract between the manufacturing enterprise and the wholesale base. When purchasing, wholesalers should orient themselves not only toward the expenses of industry and the interest of the manufacturer in getting more profit, but they should also take into account the state of demand for the period for which the contract is concluded—for the quarter, six months, the year. That is to say that prices gain flexibility.

In turn, the wholesale organization establishes a trade surcharge of up to three percent, which should cover the expenses of the wholesaler including shipment of the goods to the warehouse, storage, and other trade operations. Trade enterprises add one more surcharge to the price—a retail surcharge, for which there is a limit of 20 percent. However under special circumstances, for example when there is panic buying of the product, the trade organization has the right to receive permission of

the local organizations of government for an increase in the surcharge. But in this instance the difference between the 20 percent and the percent of the increase is transferred to the republic and local budgets.

Incidentally, in different regions prices will also be different. For example, beef tongues cost the most in Moscow, a little less in Leningrad, and still less in Belorussia. All that depends on the resources at the local level and on demand for the goods in the specific city.

[TORGOVAYA GAZETA] What if the wholesaler and the manufacturing enterprise come to an agreement and use their freedom to form prices in order to raise the price of a item "sky high?" Is there any system of economic regulation?

[Bogdashin] If a price is determined by agreement, then collusion is of course possible. To keep this from happening a system of taxation is being worked out, and I hope that it will soon go into effect and work well. For the present, 35 percent of the profits of industrial enterprises will be taxed and taken for the budget. For this reason industrial enterprises that unjustifiably increase their prices will, in the first place, pay large taxes, and in the second place they will risk not being able to sell their goods, as a result of which the seller first and then the manufacturing enterprise will take losses. That will reduce the desire to increase prices unjustifiably.

[TORGOVAYA GAZETA] Another possibility: let us suppose that, without any evil intention, the manufacturer and the seller have miscalculated, the consumer dislikes the price for some product, and sales come to a halt. Is it possible to change the free price and lower it?

[Bogdashin] It is possible. You are asking who will pay for the revaluation. The revaluation will be made at the expense of a risk fund or a fund for the regulation of prices—whatever they call such a fund. At present it does not exist, but we need it. The statute of the formation of contract (free) prices stipulates this fund. The need for it already exists in the specialized network for the sale of jewelry products, inasmuch as such goods are not selling as a result of their high cost. It is only a question of what kind of fund this should be: Should it be a centralized fund, or should it be created separately in each trade enterprise? I believe that life will dictate the answer. It should be a genuine commercial fund which will be oriented toward the state of demand.

[TORGOVAYA GAZETA] Our readers will of course be interested in finding out how prices will be formed for import goods.

[Bogdashin] A large group of imported goods are covered by that same 12 November 1990 decree on contract (free) prices as well. These include goods for adults from natural fur, rugs, all radios and television equipment, video recorders, refrigerators, crystal, furniture, candy, beer, cigarettes, jeans, and whiskeys and cognacs. At the basis of the formation of prices lies the commercial rate of exchange of the ruble in regard to the hard-currency

cost of the goods. The appropriate import taxes, customs expenses, and expenses for commission fees and transportation are also taken into account. The settlement price is worked out as a result. But that is still not the sale price. Settlement prices are adjusted depending on consumer demand for the product.

Capital Accumulation Growth Analyzed

914A0596A Kiev EKONOMIKA SOVETSKOY UKRAINY in Russian No 2, Feb 91 pp 71-77

[Article by Z. Borisenko, doctoral candidate in economics: "Capital Compensation and Accumulation: Interconnections and Tendencies"]

[Text] The processes of capital accumulation and compensation are closely related. Distinguishing between them is highly problematic, which provokes many contradictory conclusions in analyzing various economic phenomena. Thus, the study of statistical indicators of capital reproduction leads some researchers to the conclusion that there is a process of overaccumulation going on in the country and that productive capacities produced exceed the society's real possibilities. On the other hand, many economists assert that the processes of accumulation in our country are in a state of crisis. The USSR lags behind the developed capitalist countries in per capita accumulation. Therefore, increasing accumulation rates is an acute and vital necessity.

Indeed, the accumulation standard in the country's utilization of national income is declining. Over the period 1971-1989 it went from 29.5 percent to 23.1 percent. (Footnote 1) (See *Narodnoye khozyaystvo SSSR v 1989 godu. Statisticheskiy ezhegodnik* (The USSR Economy, 1989: Statistical Yearbook), Finansy i Statistika, Moscow, 1990, p 15). In the process, in the structure of the capital accumulation fund itself the proportion of expenditures aimed at creating productive capital declined substantially. As Table 1 shows, with the growth in expenditures for forming supplies of working funds and reserves, expenditures for capital declined from 60.7 percent of accumulation funds in 1970 to 53.2 percent in 1989, including the proportion of expenditures for increasing productive capital—from 38.1 percent to 25.4 percent. These data, however, still do not fully reflect the true accumulation tendencies. Due to deformations in economic processes that have come about in our country, significant deviations have been noted from the objective requirements of the laws of reproduction, a particular reflection of which is the violation of the proportions of compensation and accumulation of labor means stipulated by these laws.

An analysis of the processes of capital compensation and accumulation can be made by means of researching the structure of capital investment financing sources, as well as by studying indexes of the capital balance, which reflect tendencies in their introduction, retirement, and depreciation. Let us examine both these tendencies with the aim of revealing the relations that have actually taken shape in recent years between compensation and accumulation and their reciprocal influence.

Table 1: The Structure of Accumulation Funds in the Soviet Economy (percentages)

	1970	1980	1985	1986	1987	1988	1989
Total accumulation	100	100	100	100	100	100	100
Total capital increase	60.7	63.9	53.4	58.6	65.4	58.3	53.2
Productive capital increase	38.1	41.9	30.7	34.0	37.2	29.7	25.4
Nonproductive capital increase	22.6	22.0	22.7	24.7	28.2	28.7	27.7
Increase in material working funds and reserves	39.3	36.1	46.6	41.4	34.6	41.7	46.8

Source: *Narodnoye khozyaystvo SSSR v 1989 godu*, p. 16.

The financing sources for capital investments are, as we know: a portion of the national income compensation fund, which includes amortization for renovation; and a portion of the accumulation fund used to create capital. Gross capital investments, therefore, consist of expenditures financed at the expense of amortization, and so-called net capital investments, the source of which is the national income. Amortization fund resources, due to their nature, must reflect expenditures for compensating for depreciation in labor means, whereas net capital investments must characterize the process of accumulation.

In the structure of sources for financing capital investments, the amortization share increases normally, inasmuch as from year to year the volume of created productive potential grows. As Table 2 shows, the proportionate weight of amortization in investments increased from 21.6 percent in 1970 to 46.1 percent in 1989. In the Ukraine, its share grew even more significantly, reaching 57.8 percent in 1989. The growth in amortization's share in expenditures for capital reproduction caused, accordingly, a decline in their proportionate weight in net capital investments.

Table 2: The Share of Amortization for Renovation in Gross Productive Capital Investments (percentages)

	1970	1980	1985	1986	1987	1988	1989
Total productive sphere	21.6	36.7	45.3	45.2	46.7	45.9	46.1
Industry	24.4	44.0	52.3	51.7	52.1	51.7	50.5
Agriculture	10.8	17.8	24.4	23.6	28.1	19.7	18.2
Transportation and communications	24.6	36.0	43.3	45.0	44.7	45.4	55.7
Construction	31.5	51.0	70.7	72.5	82.6	72.3	58.6

Source: *Narodnoye khozyaystvo SSSR v 1989 godu*, pp. 530, 533, 624.

In absolute terms virtually all the growth in productive capital investments is happening at the expense of growth in the amortization fund. The volume of net investments has changed very little. Over the years 1976-1989, amortization for renovation in the Soviet economy increased by a factor of 2.9, whereas net capital investments grew by only 46.2 percent. In the Ukraine, amortization increased by a factor of 2.7, but at the same time net investments declined by 12.8 percent.

Hence one could logically assume that the greater and ever increasing portion of investments in the economy are being made for the purposes of net capital reproduction and the volume of resources utilized for accumulation is remaining approximately stable. If this is indeed the case, then the growth in capital must also be approximately identical, but its proportionate weight in the growing mass of capital is decreasing from year to year. In fact, we are observing the reverse process. Over the

course of recent decades, under a nearly stable volume of investment resources for productive accumulation, there has been steadily increasing growth in capital. Over the years 1976-1989, the USSR's productive capital increased by a factor of 2.3, including in the ninth, tenth, and eleventh five-year plans, when their growth comprised 274 billion rubles (R), R345 billion, and R419 billion, respectively. (Footnote 2) (See *Narodnoye khozyaystvo SSSR v 1989 godu*, p. 277.)

This has come about at the expense of diverting compensation funds for the purposes of accumulating resources, which means violating the normal rhythm of renewing productive potential. As Table 3 shows, the share of resources for accumulation funds is about half the increase in capital. Consequently, about half the accumulation of labor means comes about at the expense of sources designated for other purposes. To a significant extent these are amortization resources.

Table 3: Ratio of Expenditures from Accumulation Funds to Capital Increase

	1970	1980	1985	1988	1989
Annual growth in productive capital (billions of rubles)	53.1	76	80	77	75
Expenditures from the accumulation fund for growth in productive capital (billions of rubles)	32.1	45.5	46.1	45.5	38.2
Share of expenditures from the accumulation fund in the growth of capital (percentages)	60.4	59.9	57.6	59.1	50.9

Source: *Narodnoye khozyaystvo SSSR v 1989 godu*, pp 16, 277.

With respect to the extent of the actual amortization fund designated for the full restoration of capital, the share of expenses diverted to accumulation has also been increasing for many years. If in the years 1971-1975 virtually all amortization for renovation was used to compensate for outdated means of labor, then according to our estimates, in the years 1981-1985, 33.5 percent was diverted from it for accumulation. (Footnote 3) (See *Intensifikatsiya sotsialisticheskoy ekonomiki* (Intensification of the Socialist Economy), vol. 2, Naukova Dumka, Kiev, 1989, p 299.) During the current five-year plan, positive changes have been made in the use of amortization. Due to an increase in capital depreciation rates and consequently in expenditures for their compensation, diverting amortization for the purposes of accumulation decreased.

Utilizing amortization resources for accumulation is improper. By its very nature, amortization is only a source of simple reproduction. As the research we have conducted has shown, (Footnote 4) (See *Ekonomika Sovetskoy Ukrayny* (The economy of the Soviet Ukraine), No 1, 1987, p 11.) if there is correspondence between the process of adding amortization and the process of transferring value, the amortization fund can serve only as a source of compensation for labor means. Diverting its resources for the purposes of accumulation must lead theoretically to substantial losses of live and substantiated labor, which is what is actually happening right now in practice. Many years of diverting renovation resources for the sake of labor means accumulation has led to an accumulation of demand for compensation, which can be satisfied now only temporarily by utilizing resources from the accumulation fund.

Table 4: Capital Introduction and Depreciation

	USSR Economy				UKSSR Economy			
	1970	1980	1985	1989	1970	1980	1985	1989
Capital introduction into operation (billions of rubles)	87.4	148.9	172.6	197.4	14.5	21.2	23.9	26.2
Capital depreciation (annual amortization for renovation) (billions of rubles)	14.4	43.1	62.5	82.9	2.4	6.7	9.1	13.4
Depreciation as a percentage of introduction	16.5	28.9	36.2	42.0	16.5	31.6	38.1	51.1

Sources: *Narodnoye khozyaystvo SSSR v 1989 godu*, pp 539, 624; *Narodnoye khozyaystvo Ukrainskoy SSR v 1989 godu* (The UKSSR Economy in 1989), pp 401, 438.

Thus, analysis of sources for financing capital investments testifies to the lack of correspondence between the real processes of accumulation and compensation designated for their financial resources. In practice the extent of accumulation exceeds the national income resources designated for those purposes, and this goes on to the detriment of compensation.

Now let us analyze these same processes another way. Let us look at the question of correspondence between accumulation and compensation of labor means on the basis of capital balance indicators. Let us compare the annual introductions into operation of capital with the

annually added depreciation. On the basis of the data cited in Table 4, one can draw the conclusion (as have those who advocate increasing the accumulation norm) that an increasing share of introduced capacities is being directed at compensation and, thus, a decreasing share of them represent capital accumulation. In fact, annual added amortization is growing at a faster pace than annual capital introduction. For the years 1971-1989, renovation deductions increased by a factor of 5.8, whereas introduction of labor means increased by only a factor of 2.2. (Footnote 5) (See *Narodnoye khozyaystvo SSSR v 1989 godu*, pp 539, 624.) These tendencies, however, say little about accumulation.

Table 5: The Relationship Between Coefficients of Capital Renewal and Retirement for Ukraine Industry (percentages)

	1965			1975			1985			1989		
	Introduction	Retirement	Introduction-Retirement Ratio									
All industry	10.0	2.3	23.0	8.4	1.6	5.0	6.3	1.6	25.4	6.1	1.7	27.9
Electric power industry	13.0	0.4	3.1	5.5	0.7	7.7	3.9	0.5	12.8	6.2	0.8	12.9
Fuel industry	7.6	5.5	1.4	9.5	3.8	2.5	8.1	3.5	23.2	7.1	3.2	45.1
Ferrous metallurgy industry	8.5	1.6	5.3	6.7	1.2	5.6	4.1	1.5	36.6	4.4	1.4	31.8
Machine building and metalworking industry	11.0	1.4	7.7	9.9	1.1	9.0	8.3	1.3	15.7	7.0	1.3	18.6
Chemical and petrochemical industry	15.6	1.3	11.3	12.9	1.1	8.5	6.6	1.4	21.2	4.3	1.7	39.5
Lumber, woodworking, and cellulose-paper industry	12.0	3.6	3.3	9.2	2.2	4.1	8.0	1.7	21.2	7.5	2.2	29.3
Building materials industry	7.5	3.1	2.4	6.3	2.4	2.6	4.7	2.3	48.9	5.6	2.6	46.4
Light industry	12.9	2.0	6.5	6.8	1.8	3.7	5.3	1.4	26.4	7.4	1.6	21.6
Food industry	10.3	1.9	5.4	8.2	1.7	4.8	5.9	1.9	32.2	6.3	1.8	28.6

Sources: Calculated from *Narodnoye khozyaystvo UkrSSR* for the years 1965-1989

*For 1989, data are for the metallurgical complex as a whole

**For 1988, data are only for machine building

***For 1965, data are only for the chemical industry

Comparing capital introduction and depreciation on a world level, in our view, is improper. As a rule, there is no way to compare them in objective terms. In practice, the introduction of new capacities is by no means always brought about in those spheres of the economy where, judging by accumulated depreciation, there is an urgent necessity. In other words, the processes of capital investment are not directly applied to the processes of adding depreciation. Analysis of the great bulk of statistical information characterizing the state of capital in the UkrSSR over a prolonged period shows that many branches, enterprises, and producers with a comparatively higher level of depreciation of labor means receive at times an insignificant share of investments.

If at the beginning of 1989 capital depreciation in the republic's industry came to an average of 47.3 percent (with 6.1 percent renewal), then enterprises of the chemical and petrochemical industry at a depreciation level of 52.5 percent renewed only 4.3 percent of their funds. Enterprises of the metallurgical complex, where capital depreciation reached 58.1 percent were able to renew only 4.4 percent of them. (Footnote 6) (See *Narodnoye khozyaystvo Ukrainskoy SSR v 1989 godu*, pp 279, 281.) Even more significant are those deviations from average

indexes at the level of concrete enterprises. Many examples could be cited where maximally depreciated producers have not received investments for their development for years. At the same time, there has been forced creation of new capacities of analogous profile. These kinds of facts are not isolated even within the framework of specific branches, although there is an ongoing effort to prevent them. But on the interbranch level scarcely anyone worries about the inadmissibility of such facts with respect to enterprises producing interchangeable production. New, more expensive producers are being created instead of improving operating conditions for enterprises long in operation and producing the very same output.

Thus, determining the scale of capital accumulation by means of comparing the introduction of new sites and amortization in old producers is improper. Increasing the share of depreciation with respect to scales of capital introduction does not testify to the growth of investment expenditures for compensation but only reflects greater aging tendencies in labor means. Added amortization is merely a potential financial resource for compensation, but as has been noted, it is far from always spent as intended.

A comparison of amortization with capital introduction rather points up the contradiction that has come about between their accumulation and compensation. It only confirms the fact that some spheres of production are accumulating maximally depreciated, repair-supported enterprises, the further exploitation of which threatens catastrophe. Other spheres are forcing the introduction of additional new capacities. Thus, there is a polarization going on in the processes of accumulation and the aging of created productive potential.

To characterize the process of capital accumulation it is proper to compare indexes of introduction and retirement of labor means. Comparison of these shows that in the Ukraine's economy, an average of 36.2 percent of newly introduced capacities is being used to compensate for the retirement of outdated productive capital. Nonetheless, a clear-cut situation is shaping up in individual branches of the economy. Thus, in 1989 in industry, the retirement of labor means was only 25.3 percent of their introduction, while in agriculture it was 39.1 percent, and in construction 50.8 percent of introduced capital was used for compensation and in transport only 26.2 percent. (Footnote 7) (Calculated from UKSSR State Committee for Statistics (Goskomstat) data.)

In individual branches of industry the situation of capital reproduction is even more diverse. In 1989, as Table 5 shows, the greatest portion of newly introduced labor means was used for compensation in the building materials industry and the fuels branch, where the relationship of retirement to introduction was 46.4 percent and 45.1 percent, respectively. At the same time in machine building, light industry, and electric power, compensation's share in investments was significantly below average.

Analysis of the dynamics of the relationships between capital introduction and retirement testifies to a certain decline in the share of accumulation in expenditures for capital reproduction and an increase in outlays for compensation. If in 1980 in the Ukraine the share of capital retirement was 24.3 percent of capital introduction, then by 1989 that share had increased to 45.2 percent. (Footnote 8) (See *Narodnoye khozyaystvo Ukrainskoy SSR v 1989 godu*, pp 242-243.) But this is a regular process stipulated for by the constant increase in the total mass of accumulated potential. With the growth of capital, expenditures for renewing it naturally must grow as well. Here the processes of accumulation, on the contrary, must yield, inasmuch as society's opportunities for new investments grow significantly more slowly than does the volume of created capital. For the years 1976-1988, the republic's capital doubled, whereas annual capital investments increased by a factor of 1.5. (Footnote 9) (See *ibid.*, pp 240, 405.)

Despite the overall positive tendency toward absolute growth in expenditures for compensation, relative indicators declined for many long years. Study of capital balance indexes over a rather prolonged period testifies

to protracted deterioration in the processes of compensation. The coefficient of capital retirement for the years 1966-1985 declined by a third. Only in the twelfth five-year-plan did it become somewhat larger, although even then, in 1989 it did not achieve the 1965 level.

Comparison of the coefficient of capital retirement with the amortization norm for renovation testifies to the fact that expenditures for compensation, although they are growing, nevertheless lag significantly behind the standard requirements. In the last three decades the retirement coefficient in general never achieved the standard of amortization. Consequently, amortization was constantly extracted from simple reproduction resources and used for accumulation. Despite the requirements of the economic laws of reproduction, capital compensation was carried out primarily not on the basis of depreciation but according to the remainder principle. Deficiencies in amortization policy, in conjunction with investment policy's extensive tendency, conditioned a significant aging of the country's productive potential and the subsidence in the economy of a significant number of outdated labor means.

Labor means not withdrawn from use in a timely manner require enormous expenditures for repairs. Compensation for depreciation is an objective necessity of productive functioning. And if it is insufficiently carried out in the form of replacing outdated equipment, then its capacity for work has to be restored by means of repair. Moreover, this can go on indefinitely. Working capacity is restored, but at what price? Excessive growth in the sphere of repair is diverting significant resources right now.

These outlays, however, are not restoring the productivity of labor means to any significant extent. Along with the growth in outlays for repair, capital depreciation is growing as well. Over the last 20 years, the level of depreciation has nearly doubled. Use of outdated productive apparatus necessitates elevated expenses for service as well. After all, repaired machines and equipment are still less effective than new. Thus, forced nonretirement of capital, the result of diverting simple reproduction resources for the purposes of accumulation, entails incredible costs for maintaining functioning capacities.

Apart from direct losses from using outdated labor means, even more significant are the losses from underutilizing newly created capacities and from not obtaining the possible effect from invested means. Due to the shortage of raw and other materials and their inability to fill jobs, many new enterprises and producers cannot function effectively. Insufficient material-technical supply, as a rule figures among the basic reasons for underutilization of equipment in functioning enterprises, untimely mastery of newly created capacities, and nonfulfillment of plans for production and capital investments.

Society's enormous economic potential remains to a significant extent outside its control. This leads to the formation of unaccounted reserves of capacities, which are frequently used by the shadow economy, or simply squandered by incompetent managers. As a result, the longstanding tendency in the economy for capital yield and output quality to decline, which testifies to a lower level of utilizing created capacities, continue, while the process of accumulation gets more and more expensive. Production's capital intensity increases, deadlines for learning to handle created capacities get extended, plans for introducing new sites and putting them on line go chronically unfulfilled, and incomplete construction grows unrestrainedly. All of this allows us to establish the fact of the overaccumulation of productive funds in comparison with society's objective opportunities. We do not have, in point of fact, normal utilization of already created potential or effective accumulation. Both processes are mutually injurious.

The task consists in bringing the sizes of accumulated and newly created productive potentials into the framework dictated by the economic laws of reproduction, as well as its qualitative renewal. The chief reserve for improving productive-technical potential is not accelerating its size but technological renewal. Our economy, unfortunately, has as yet been unable to leave the extensive path of development for the intensive path.

Structural perestroyka by no means demands increased scales of accumulation. It is more important to create a mechanism for tuning the enormous existing economic potential to the changing system of social needs. Net capital investments now comprise merely three percent of operating productive capital. (Footnote 10) (See *ibid.*, pp 240, 408, 438.) Moreover, a significant portion of

investments is connected with previous decisions. By force of the connection between material and labor resources, the opportunities for improving production by means of growth in accumulations remain limited as yet. Realistic hopes should be placed on continuous improvement of the structure of existing capacities with consideration for changes in the structure of social requirements. This problem can be carried out optimally only under conditions of a market mechanism for bringing about investments.

We must leave to enterprises the entire allocated amortization for renovation and give them full investment independence within the framework of this sum. They themselves must plan capital investments and carry them out via the forming market. Once they fully dispose of investments, enterprises will have an interest in their speediest realization and in maximum correspondence between acquired resources and the output demands of the most current output, which, actually, will ensure the self-tuning of operating production to constantly changing social requirements.

Uncompensated diversion of enterprises' amortization to the creation of centralized investment funds is, in our view, inadmissible because it will continue the transfer of compensation resources for the purposes of accumulation. Centralized funds are essential for resolving the state's problems, but they must be created not at the expense of amortization but at the expense of profit diverted to these funds within reasonable limits. Diversion of 20 percent of amortization will lead to the further exacerbation of the capital renewal situation.

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POLICY, ORGANIZATION

Uzbekistan Issues Draft Legislation on Enterprises

914.40514.4 Tashkent PRAVDA VOSTOKA in Russian
29 Jan 91 pp 2, 3

[Draft Law of the Uzbek Soviet Socialist Republic: "On Enterprises in the Uzbek SSR"]

[Text] The present Law defines the general legal, economic and social foundations for the creation, activity, reorganization, and liquidation of enterprises of all forms of ownership.

The law aims to secure the independence of enterprises, the goal of whose activity is to receive a profit, defines their rights and responsibility, and regulates relations with other enterprises and organizations, the Councils of People's Deputies, and the organs of state administration.

Part I.

General Provisions

Article 1. The Enterprise and Its Tasks

1. An enterprise is an independent economic subject with the rights of a juridical person, which, on the basis of the utilization of property belonging to it by right of ownership or full economic management, produces and sells or exchanges products, performs work, provides services, carrying out its activities in conditions of competition and equality of all forms in accordance with existing legislation.

2. The realization of the goal of the activity of the enterprise is attained through the satisfaction of the societal needs for its products, work and services, and the securing, on this basis, of the social and economic interests of the members of the labor collective and interests of the owner of the enterprise's property.

3. The enterprise can perform any types of economic activity if they are not prohibited by the legislative acts of the Union of Soviet Socialist Republics, the Uzbek SSR, and the Kara-Kalpak ASSR, and correspond to the statute of the enterprise.

Article 2. Types of Enterprises

1. In accordance with the forms of ownership established by the Uzbek SSR Law: "On Ownership in the Uzbek SSR," enterprises of the following types may operate:

- those based on individual (private and personal) ownership of citizens of the Uzbek SSR, the USSR, and the union republics, as well as foreign citizens;
- those based on collective (joint-stock) ownership—the collective, family, neighborhood, and the production cooperative; the enterprise belonging to a cooperative, the enterprise belonging to a joint-stock company, a company with limited liability, or other

economic societies or associations; the enterprise of a public organization, the enterprise of a religious organization, and those based on other forms of collective ownership;

- those based on state ownership—union, republic state enterprises, inter-republic enterprises, state enterprises of the Kara-Kalpak ASSR, inter-oblast, inter-rayon, rayon, city and other enterprises;
- those based on full or share participation (joint enterprises) of union or republic ownership, ownership of autonomous republics, foreign juridical persons, firms, and states;
- enterprises based on mixed forms of ownership and mixed enterprises within the limits of any of the forms of ownership.

2. In accordance with the number of workers, the enterprise, irrespective of the forms of ownership, can be attributed to small enterprises, the special features of whose creation and activity, the status, conditions of registration, and the procedure of attribution to this type of enterprise are regulated by the government of the USSR, by the Cabinet of Ministers under the President of the Uzbek SSR and the Council of Ministers of the Kara-Kalpak ASSR.

Other types of enterprises may operate in the Uzbek SSR, including lease enterprises whose creation does not contradict the legislative acts of the republic.

Article 3. Economic Associations of Enterprises

1. Enterprises may on a voluntary basis unite in an economic association: a union, concern, consortium, and other associations based on departmental, territorial, or other principles for the purpose of coordinating their activity, securing the protection of their rights, and representing their common interests in the corresponding state and other organs, as well as in international organizations. The creation of the indicated structures is effected with regard to the antimonopoly requirements established by the corresponding legislative acts of the Uzbek SSR and the Kara-Kalpak ASSR. The voluntary economic associations are subject to state registration and their activity is regulated by the present law.

2. The association operates on the basis of a statute approved by its founders. The enterprises that are part of the associations retain their independence and the rights of a juridical person, and the operation of the present Law extends to them.

3. The association is not responsible for the obligations of the enterprises that are part of it, and the enterprises are not responsible for the obligations of the association if no other provisions are stipulated by the constitutive agreement (statute).

4. The enterprises that are part of an association have the right to withdraw from it with preservation of their obligations to the enterprises that are part of the association, in accordance with the concluded agreements.

5. The association is liquidated by decision of the enterprises that constitute it. The liquidation of the association is effected in accordance with the procedure established for the liquidation of enterprises. The property that remains after liquidation of the association is distributed among the participants in accordance with its statute.

Article 4. Legislation on Enterprises

1. The relations connected with the creation and activity of enterprises are regulated by the present Law and other legislative acts of the Uzbek SSR and the Kara-Kalpak ASSR published in conformity with it, and in cases provided for by these acts—also by the decrees of the Cabinet of Ministers under the President of the Uzbek SSR and the Council of Ministers of the Kara-Kalpak ASSR.

2. The special features of the application of the present Law for some types of enterprises, whose activity is connected with increased requirements of labor organization and safety, the continuity of technological processes, and is conditioned by the necessity of the centralization of management functions, and the enumeration of such types of enterprises are determined by the Cabinet of Ministers under the President of the Uzbek SSR and by the Council of Ministers of the Kara-Kalpak ASSR.

3. The special features of the creation and activity of enterprises based on full or share participation (joint enterprises) of union or republic ownership, ownership of autonomous republics, foreign juridical persons and citizens, are established by the legal acts of the USSR, the Uzbek SSR, and the Kara-Kalpak ASSR.

Part II

Creation of the Enterprise and the Procedure for Its Registration

Article 5. General Conditions for the Creation of an Enterprise

1. An enterprise can be created by decision of the owner (owners) of property or an organ authorized by him (them), an enterprise, organization or group, and individual founders in accordance with the procedure provided for by the present Law and other legislative acts of the Uzbek SSR and the Kara-Kalpak ASSR.

2. An enterprise can be created as the result of the detachment of one or several of the structural subdivisions from the structure of existing enterprises or organization on the initiative of the labor collective of the indicated subdivision (subdivisions) if there is agreement for this by the owner of the property of the enterprise (an organ, enterprise, organization authorized by him) and if the fulfillment of the obligations previously accepted by the enterprise is guaranteed.

3. In cases where a plot of land is required for the creation and activity of an enterprise, or other natural

resources, permission for their use is given by the corresponding Soviet of People's Deputies, and in the cases provided for by legislative acts—also by the corresponding nature managers if a positive finding by a commission of ecological experts is present. Refusal to make available a plot of land and other natural resources may be appealed in accordance with the procedure provided for by the legislative acts of the Uzbek SSR and the Kara-Kalpak ASSR.

4. An enterprise is considered created and acquires the rights of a juridical person from the day of its state registration.

Article 6. State Registration of Enterprises

1. State registration of an enterprise is effected in the executive committee of a rayon, city, or city rayon Soviet of People's Deputies at the place where the enterprise is located, if no other provisions are made by the legislative acts of the USSR, the Uzbek SSR, and the Kara-Kalpak ASSR. The facts of state registration are reported within a 10-day period to the UzSSR Ministry of Finance and the Kara-Kalpak ASSR Ministry of Finance for inclusion in a single state register of the UzSSR.

2. For state registration of an enterprise in the executive committee of the corresponding Soviet of People's Deputies, the permission for its creation, the statute and other documents are submitted in accordance with a list determined by the Cabinet of Ministers under the President of the Uzbek SSR and by the Council of Ministers of the Kara-Kalpak ASSR.

State registration of an enterprise must be effected no later than 30 days from the moment of the presentation of the application with the affixing of the necessary documents to the executive committee of the corresponding Soviet of People's Deputies.

3. Refusal of state registration of an enterprise may follow for reasons of the violation of the procedure for the creation of an enterprise established by the legislative acts of the USSR, the Uzbek SSR, and the Kara-Kalpak ASSR, as well as the nonconformity of the constitutive acts (documents) with the requirements of legislation. Refusal of state registration of an enterprise for reasons of inexpediency of its creation is not allowed.

If state registration of an enterprise is not effected within the established period, or if it is refused for reasons regarded as groundless by the founder of the enterprise, he may appeal to a court.

A groundless refusal to register an enterprise, established by a court, entails material responsibility (above court expenses) of the executive committee of the Soviet of People's Deputies that refused the registration of the enterprise. The dimensions of material responsibility are determined by the court and are exacted in accordance with the procedure established by the Law.

4. For the state registration of an enterprise, a payment is levied in dimensions established by the legislation of the

Uzbek SSR and the Kara-Kalpak ASSR. The funds received are entered by the executive committee of the Soviet of People's Deputies in the budget of the rayon, city, and city rayon at the place of registration of the enterprise.

Article 7. The Creation of Branch Enterprises and Detached Subdivisions of the Enterprises

1. The enterprise has the right to create branch enterprises with the rights of a juridical person, as well as branches, representatives, divisions, and other detached subdivisions with the right to open current accounts, and to approve statutes about them.

2. Agreement in the question of the location of such enterprises and subdivisions with the corresponding local Soviets of People's Deputies is effected in accordance with the procedure established by the legislation for the creation of an enterprise currently in force.

Article 8. Licensing of Types of Activity

1. For the performance of types of activity subject to licensing, the enterprise is obliged to receive the necessary license.

2. The procedure for issuing and recognizing as invalid the permits for licensed activity of an enterprise is established by the Cabinet of Ministers under the President of the Uzbek SSR and by the Council of Ministers of the Kara-Kalpak ASSR.

Article 9. Statute of the Enterprise

1. The enterprise operates on the basis of a statute. The statute is approved by the founder (founders) of the enterprise.

2. The statute of an enterprise determines: the name of the enterprise, its location, the purpose and goal of activity, its management and control organs, their competence, the procedure for the formation of enterprise property, and the distribution of profit (income), the conditions of reorganization and the cessation of the activity of the enterprise.

Other provisions not in contradiction with the legislation of the Uzbek SSR that are connected with the special features of the activity of an enterprise may also be included in the statute.

Part III

Owner and Property of the Enterprise

Article 10. Owner of the Enterprise

1. The owner of the enterprise has the right of possession, use, and disposition of the property belonging to him.

The owner has the right to carry out any actions in regard to his property that do not contradict the Law. He may use property to carry out any economic or other activity

not prohibited by the Law. The state guarantees the property rights of the owner of the enterprise.

2. The owner of an enterprise has the right, within the conditions and limits provided for by the legislative acts of the Uzbek SSR, to conclude contracts with citizens about the use of their labor in the realization of the right of property belonging to him.

Article 11. Conditions of the Formation and Use of Property

1. The property of the enterprise is made up of fixed assets and working capital, as well as other values, whose value is reflected in the independent balance of the enterprise.

2. In accordance with the legislative acts of the Uzbek SSR and the Kara-Kalpak ASSR and and statute of the enterprise, the property of the enterprise may belong to him by right of ownership or the full economic management.

3. The following are the sources of the formation of enterprise property:

- monetary and material payments of the founders;
- income from the sale of products, work, services, and other types of economic activity;
- income from securities;
- credits from banks and other creditors;
- capital investments, subsidies from budgets;
- gratuitous and charitable payments, donations of organizations, enterprises and citizens, as well as property received by inheritance and gift;
- other sources not prohibited by legislative acts of the Uzbek SSR and the Kara-Kalpak ASSR.

4. The enterprise has the right to sell and transfer to other enterprises, institutions and organizations, to exchange, lease, and make available free of charge for temporary use or to rent the property belonging to it, as well as to write it off from the balance, if nothing else is provided for by the legislative acts of the Uzbek SSR and the Kara-Kalpak ASSR, and by the statute of the enterprise.

5. If there are no other provisions in the statute, the enterprise has the right to sell and to lease to citizens the means of production and other material values, with the exception of those which, in accordance with the legislative acts of the Uzbek SSR and the Kara-Kalpak ASSR, may not be in their ownership or use.

Article 12. Management and Use of Natural Resources

1. The enterprise manages and makes use of land and other natural resources in accordance with established procedure for payment, and in cases provided for by legislative acts of the Uzbek SSR and the Kara-Kalpak ASSR, on advantageous conditions.

2. The enterprise is obligated to carry out, in a timely manner, measures to protect nature, aimed at the reduction and compensation of the influence of the negative influence of its production on the natural environment. The financing of such measures may occur at the expense of its own funds or other sources.

In accordance with legislation of the USSR, the Uzbek SSR, and the Kara-Kalpak ASSR, the enterprise bears responsibility for the observance of the requirements and norms with respect to the rational use, restoration and conservation of land, water, minerals, forests, and other natural resources, as well as makes compensation for damage done as the result of its activity, including by enterprises forced to incur losses or to completely cease their activity.

Article 13. Attraction of the Funds of Juridical Persons and Citizens by the Enterprise

1. The enterprise has the right to attract additional monetary means of juridical persons and citizens for the purpose of expanding and improving production and the social development of the labor collective through the output and sale of securities.

2. The procedure for the issue and sale of securities, their forms, and the rights of the holders are determined by legislation of the USSR, the Uzbek SSR, and the Kara-Kalpak ASSR.

Article 14. Guarantees of the Property Rights of the Enterprise

The state guarantees the protection of the property rights of the enterprise. The removal of an enterprise's fixed assets, working capital, and other property by the state is not permitted, with the exception of cases provided for by legislative acts of the USSR, the Uzbek SSR, and the Kara-Kalpak ASSR.

Losses inflicted on the enterprise as the result of its property rights by citizens, juridical persons, and state organs are compensated to the enterprise by decision of a court or the State Board of Arbitration.

Part IV

Management of the Enterprise

Article 15. General Principles of the Organization of the Management of the Enterprise

1. The management of the enterprise is carried out in accordance with its statute. The enterprise independently determines the structure, forms, and methods of management, and establishes the staff.

The owner or subject of the right of full control of the establishment carries out the management of the enterprise directly or through organs authorized by him. The owner or the subject of the right of full control of the establishment or the organs authorized by him may delegate these rights to the council of the enterprise

(board of directors) or other organ provided for by the statute of the enterprise that represents the interests of the owner and the labor collective.

2. The hiring (appointment, election) of the director of an enterprise is the right of the owner of the enterprise's property or the subject of the right of full control of the establishment and is carried out directly, as well as through organs authorized by them or through the enterprise councils, the board of directors, or other organs to whom the rights to the management of the enterprise have been delegated.

Article 16. Director of the Enterprise

1. During the hiring (appointment, election) of the director of the enterprise for the post, a contract a contract (agreement) is concluded with him, which sets forth the rights, duties and responsibility of the director of the enterprise, the conditions of his material security and his release from the post occupied with regard to the guarantees provided for by the legislation of the Uzbek SSR and the Kara-Kalpak ASSR currently in force.

2. The director of the enterprise independently decides questions of the activity of the enterprise, without power of attorney acts on behalf of the enterprise, represents its interests in all domestic and foreign enterprises, in firms and organizations, disposes of the property of the enterprise, concludes agreements, including labor agreements, issues power of attorney, opens current and other accounts in banks, enjoys the right of the disposition of funds, confirms the staffs of the executive apparatus of the management, publishes orders and gives instructions that are obligatory for all workers of the enterprise.

3. The director of the enterprise independently appoints and dismisses his deputies, the executives of the management apparatus, and the executives of the structural subdivisions.

4. The director of the enterprise may be dismissed from the post occupied prior to the expiration of the term of his contract for the reasons provided for in the contract or by the legislation of the Uzbek SSR and the Kara-Kalpak ASSR currently in force.

Article 17. The Council (Board of Directors) of the Enterprise

1. A Council of the Enterprise is created on the condition of the delegation, by the owner, of his authority in regard to the management of the enterprise.

The Council (Board of Directors) of the enterprise consists of an equal number of representatives appointed by the owner or the subject of the right of full control of the establishment and the property of the enterprise, and elected by its labor collective, if there are no other provisions in the statute of the enterprise.

2. The rights and duties of the Council (Board of Directors) of the enterprise are determined by the Statute on the Council (Board of Directors) approved by

the owner or the subject of the right of full control of the establishment, or by the organ authorized by him.

Part V

Foundations of the Economic Activity of the Enterprise

Article 18. Profit of the Enterprise

1. In enterprises of all types, the basic generalizing indicator of the financial results of economic activity is profit.

2. The profit remaining with the enterprise after the payment of taxes and other payments into the budget (net profit) enters into its full disposition. The enterprise independently determines the directions of the use of the net profit if other provisions are not made by the statute.

State influence on the selection of the choice of the direction of the use of the net profit is effected through taxes, tax advantages, as well as economic sanctions.

3. In cases provided for by the statute of the enterprise, part of the net profit is transferred to the ownership of the members of the labor collective of the enterprise.

Article 19. Labor Income of the Worker of the Enterprise

1. The labor income of every worker, irrespective of the type of enterprise, is determined by his personal labor contribution taking into account the final results of the work of the enterprise and is regulated by taxes and is not limited by maximum dimensions.

2. The minimum scale of the wages of workers of all types of enterprises is established by legislative acts of the Uzbek SSR and the Kara-Kalpak ASSR.

3. The forms, systems and dimensions of wages, as well as other types of income of workers, are established independently by the enterprise.

Article 20. Planning of the Activity of Enterprise

1. The enterprise plans its activity independently and determines the prospects of development, proceeding from the presence of raw material and material resources and the demand for the products, work, and services produced.

2. The enterprise performs work, sells products, and renders services for state requirements on a contract basis.

Article 21. Economic Relations of the Enterprise With Other Enterprises, Organizations, and Citizens

1. The relations of the enterprise with other enterprises, organizations, and citizens in all spheres of economic activity are built on the basis of contracts.

2. Enterprises are free in the choice of the object of a contract, the determination of obligations, and any other

conditions of economic interrelations that do not contradict the legislation of the Uzbek SSR and the Kara-Kalpak ASSR.

3. The enterprise sells its products and property, as well as renders services at its own discretion, if this does not contradict the legislation of the Uzbek SSR and the Kara-Kalpak ASSR.

4. The enterprise takes into consideration the interests of the consumer and his demands with respect to quality of products, work, and services. The interests and rights of the consumer are protected by legislative acts of the USSR, the Uzbek SSR, and the Kara-Kalpak ASSR.

The enumeration of the types of products, work, and services, whose free sale is prohibited or limited, is established by legislation of the Uzbek SSR and the Kara-Kalpak ASSR.

Article 22. Wholesale Trade, Supply of Production, and Sale of Products

1. On the basis of the study of market conditions, the possibilities of potential partners, and information about the movement of prices, the enterprise independently carries out buying and selling, the sale of products, and the material-technical supply of its own production in the markets (commodity, service, financial, etc.) directly or through an intermediary with regard to the requirements of antimonopoly legislation.

2. During the period of transition to the market, enterprises carrying out work and deliveries for state requirements are supplied with material-technical resources by the state.

Article 23. Prices and Price Formation

The enterprise sells its products, work, services, and waste products at prices and rates established independently or on a contract basis. The state, in accordance with the legislative acts of the Uzbek SSR and the Kara-Kalpak ASSR, regulates prices in cases of the monopoly position of an enterprise in the market for the purpose of the social protection of the citizens.

Article 24. Financial and Credit Relations

1. The source of the formation of the financial resources of the enterprise are profit, amortization deductions, funds obtained from the sale of securities, shares, and other payments by members of the labor collective, enterprises, organizations, and citizens, as well as other receipts.

2. The enterprise uses bank credit and credit of other enterprises on a commercial contract basis.

3. The enterprise has the right to open current and other accounts in any bank for the safekeeping of monetary assets and the execution of all types of payment, credit, and cash operations.

4. Payments into the budget are first and foremost for all enterprises. The remaining payments, including the payment of wages, are effected by the enterprise in accordance with the procedure established by the Uzbek State Bank.

5. The enterprise may supply products, carry out work, and render services on credit, grant credit to other enterprises with payment, by the buyers (consumers), of interest as for the use of borrowed funds. For the legalization of such trade transactions, the enterprise may use promissory notes in economic transactions.

6. The enterprise bears full responsibility for the observance of credit agreements and accounting discipline. An enterprise which systematically fails to fulfill its obligations in regard to its accounts may be declared to be insolvent by the bank. The measures of influence and the procedure for their application to such enterprises are regulated by legislative acts of the Uzbek SSR and the Kara-Kalpak ASSR.

Article 25. Capital Construction

1. The enterprise is free in the choice of construction on the territory of the republic as long as it observes the legislation of the Uzbek SSR and the Kara-Kalpak ASSR, the standard requirements for the location of various types of industries, construction norms and regulations, and quotas and licenses established for individual territorial zones by the government of the republic.

2. The enterprise is free in the choice of any partners for the realization of production, in the organization of competition of contractors, and in necessary cases itself undertakes the research, design, and execution of construction and assembly work, observing the corresponding legislation and the approved construction norms and regulations.

3. In all cases, the construction project is subject to an examination by a state commission of experts at the level of oblast or republic organs of experts on the subject of the assessment of the strength, durability, observance of the officially approved safety rules, and requirements in regard to the protection of labor and the environment.

Article 26. Foreign Economic Activity of the Enterprise

1. The enterprise has the right to carry out foreign economic activity independently in conformity with the legislation of the Uzbek SSR and the Kara-Kalpak ASSR.

2. Foreign currency receipts are credited to the foreign currency balance of the enterprise and are used by it independently. Foreign currency deductions into the republic and local budgets are effected from the foreign currency receipts of the enterprise after the deduction of direct foreign exchange expenditures effected by the given enterprise from its foreign currency funds.

The rates of deductions for the republic and local budgets are regulated by the legislative acts of the Uzbek SSR and the Kara-Kalpak ASSR. Other withdrawals of foreign currency funds of the enterprise are prohibited.

Part VI

Social Guarantees of the Enterprise

Article 27. Social Activity of the Enterprise

1. Questions of social development, including the improvement of working conditions, life and health, the guarantee of obligatory social and medical insurance of the members of the labor collective and their families, carried out at the expense of the consumption fund of the enterprise, are decided by the labor collective with the participation of the administration of the enterprises in accordance with the legislative acts of the Uzbek SSR and the Kara-Kalpak ASSR.

2. The enterprise is obliged to secure safe working conditions for all workers in the enterprise and bears responsibility in accordance with the procedure established by legislation for damage done to their health and ability to work.

3. Pensioners enjoy equally with the workers the available possibilities of the enterprise for medical service, the provision of housing, travel authorizations to health improvement and disease-prevention institutions, as well as—by decision of the general meeting (conference) of the collective—other social services and advantages.

4. The enterprise is obliged to constantly improve the working conditions and conditions of everyday life of women, to secure work primarily during daytime with a reduced work day for women who have children, to transfer pregnant women to lighter work with harmless working conditions, as well as to grant women other advantages envisaged by legislation. An enterprise with harmful working conditions, with the agreement of the labor collective, may create shops and sectors for making lighter work available to women.

5. The enterprise may provide material incentives for workers of medical, children's, cultural-educational, health improvement, educational and sports institutions serving the labor collective and not being part of it.

6. The examination and solution of questions in regard to the demands and appeals addressed by citizens to the enterprise are the exclusive responsibility of the administration and cannot be imposed on the citizens themselves.

Article 28. The Labor Collective of the Enterprise, Its Authority

1. The labor collective of the enterprise is composed of all citizens taking part through their work in its activity.

2. The general meeting (conference) is the basic form of the implementation of the authority of the labor collective of the enterprise.

Article 29. The General Meeting (Conference) of the Labor Collective of the Enterprise

The general meeting (conference) of the the labor collective:

- solves questions connected with the buying out [vyk-upka] of the property of the enterprise;
- solves the question of the necessity of concluding, with the administration of the enterprise, a collective contract (agreement), reviews its draft and authorizes the trade union committee or other organs to sign it on behalf of the labor collective;
- elects (recalls) the representatives in the council of the enterprise, hears reports about their activity;
- establishes for its workers additional leave, a reduced work day, and other social benefits within the limits of the earned funds allotted for consumption.

Article 30. Collective Contract (Agreement)

A collective contract (agreement) may be concluded in enterprises of all types and must not contradict the legislation of the Uzbek SSR and the Kara-Kalpak ASSR currently in force.

Production and labor relations in the enterprise, questions of labor protection, the social development of the collective and the health of its members are regulated by the collective contract (agreement).

In the case of differences in the conclusion or the execution of the collective contract (agreement), they are resolved in accordance with the procedure established by legislation of the Uzbek SSR and the Kara-Kalpak ASSR.

Article 31. Termination of Labor Agreements With Workers in Case of the Liquidation or Reorganization of the Enterprise

1. In case of impending liquidation or reorganization, the enterprise is obligated to report this to the labor exchange three months, but no later than 30 days before the termination of the labor agreement with the worker. The enterprise carries out the termination of workers in accordance with labor legislation. The further provision of job placement and social payments is guaranteed by the state.

Part VII

Enterprise and State

Article 32. Guarantees of the Rights and Interests of the Enterprise

1. The state guarantees the observance of the rights and legal interests of the enterprise.

In the performance of economic and other activity, the enterprise has the right to take any decisions on its own initiative that do not contradict the legislation of the Uzbek SSR and the Kara-Kalpak ASSR currently in force.

Interference in the economic and other activity of the enterprise on the part of state, public, and cooperative organs, individual citizens and organs of power, are not allowed, with the exception of cases provided for by legislation of the Uzbek SSR and the Kara-Kalpak ASSR.

2. Republic and local state and public organs and their officials, in adopting decisions pertaining to the enterprise, and in their relations with it, bear responsibility for the observance of the provisions of the present Law.

State organs and officials may issue instruction to an enterprise only in conformity with their competence, established by legislation of the Uzbek SSR and the Kara-Kalpak ASSR. In case of the promulgation, by the state or other organs, of an act not corresponding to its competence or to the requirements of legislation, the enterprise has the right to turn to the court or to the State Board of Arbitration with a request to have this act declared invalid.

Losses inflicted on the enterprise as a result of the execution of instructions of state or other organs or their officials, which destroyed the rights of the enterprise, as well as in consequence of the improper execution, by such organs or their officials, of the duties stipulated by legislation in regard to the enterprise, are subject to compensation by these organs. Disputes concerning the compensation of losses are decided by the court or the State Board of Arbitration.

Article 33. Legal and Economic Conditions of the Economic Activity of the Enterprise

1. The state guarantees enterprises, regardless of the forms of ownership, various legal and economic conditions for running its business.

2. The state promotes the development of the market, puts into effect antimonopoly measures, and secures the social guarantees of all workers.

Article 34. Registration and Reporting

1. The enterprise carries out the operational and book-keeping registration of the results of its work and conducts statistical reporting.

The forms of state statistical reporting are established by the organs of state statistics and include only factual data, as well as the address and periods of its presentation. It is prohibited to demand the presentation of statistical reporting entailing the violation of the procedure established by the present Law.

2. Officials of an enterprise bear disciplinary, material or criminal responsibility for the distortion of state reporting, as established by legislation of the Uzbek SSR and the Kara-Kalpak ASSR.

Article 35. Commercial Secret of the Enterprise

1. By commercial secret of an enterprise is meant information which does not constitute state secrets and which is connected with production and technological information, the management, planning, finances, and other activity of the enterprise, the disclosure (transfer, leakage) of which may do harm to its interests.

2. The composition and volume of information constituting a commercial secret and the procedure for its protection are determined by the director of the enterprise.

The types of activity of enterprises, information about which cannot constitute a commercial secret, are determined by the government of the USSR, the Cabinet of Ministers under the President of the Uzbek SSR, and the Council of Ministers of the Kara-Kalpak ASSR for the purpose of prevention and concealment, by enterprises, of their activity.

3. Responsibility for the disclosure of information constituting a commercial secret of an enterprise and the violation of the procedure for the protection of such information are established by legislative acts of the Uzbek SSR and the Kara-Kalpak ASSR.

Article 36. Responsibility of the Enterprise

1. The enterprise bears full responsibility, stipulated by legislation of the Uzbek SSR and the Kara-Kalpak ASSR, for the violation of contract obligations, credit and payment discipline, demands with respect to the quality of products, and other rules of the execution of economic activity.

2. The enterprise is obligated to compensate damages inflicted by failure to observe the requirements for the rational use of land and other natural resources, the protection of the environment, pollution and other harmful influence, infringement of the rules of safety in production, sanitary and hygienic norms and requirements for the protection of its workers, the population, and the consumer of the products, as well as to pay a penalty in an amount established by legislation of the USSR, the Uzbek SSR, and the Kara-Kalpak ASSR.

The activity of an enterprise violating the established system of the use of the natural environment may, in accordance with the procedure established by legislation of the Uzbek SSR and the Kara-Kalpak ASSR, be stopped until the infringements that were permitted have been eliminated.

Article 37. Control over the Activity of the Enterprise

1. An audit of the financial and economic activity of an enterprise may be carried out at the initiative of the owner and not more frequently than once a year.

2. The tax and law enforcement organs, which, according to the legislative acts of the Uzbek SSR and the Kara-Kalpak ASSR, bear the responsibility for auditing individual aspects of the activity of the enterprise, may carry out such audits as the need arises and strictly within the limits of their competence. The enterprise has the right not to fulfill the demands of these organs in regard to questions that fall outside their competence and not to acquaint them with materials that do not pertain to the subject of the monitoring.

3. All types of checks and audits must not infringe on the normal work of the enterprise. The results of the audits and checks are communicated to the enterprise.

Article 38. Relations of the Enterprise With the Organs of State Administration and the Local Soviets of People's Deputies

1. The relations of the enterprise with the organs of state administration and local self-government are built in accordance with the present Law and other legislative acts of the Uzbek SSR and the Kara-Kalpak ASSR which establish the competence of these organs.

2. The enterprise voluntarily takes part on a contract basis in the work on the integrated economic and social development of the territory, which is conducted by the local Soviets of People's Deputies at the expense of local budget funds.

The enterprise may create, at the expense of funds of the local Soviets of People's Deputies or state organs, special work places for persons with limited work capability.

3. Not permitted is the removal, by local Soviets of People's Deputies, of housing, production area, and individual objects, that belong to the enterprise.

Part VIII

Liquidation and Reorganization of the Enterprise

Article 39. Conditions of the Liquidation and Reorganization of the Enterprise

1. The liquidation and reorganization (merger, joining, division, detachment, conversion) of the enterprise are effected at the decision of the owner of its property or the organ authorized to create such enterprises, or by decision of a court or a state board of arbitration. The procedure for liquidating bankrupt enterprises is regulated by special legislation.

2. When a reorganization and liquidation of an enterprise takes place, the workers being dismissed are guaranteed the observance of their rights and interests in accordance with the Uzbek SSR and the Kara-Kalpak ASSR.

3. An enterprise is considered reorganized or liquidated from the moment of its exclusion from the state registration list.

4. In the case of the merger of the enterprise with another enterprise, all the property rights and obligations of each one of them are transferred to the enterprise which comes into being as a result of the merger.

When one enterprise is joined to another, the latter acquires all the property rights and obligation of the joined enterprise.

5. In the case of the division of an enterprise, the new enterprise that is formed as the result of this division, acquires the property rights and obligations of the reorganized enterprise on the basis of the act of division (balance), in the corresponding parts.

In the case of the detachment, from an enterprise, of one or several new enterprises, each one of them acquires—on the basis of the act of division (balance), in the corresponding parts.

6. In the case of the conversion of one enterprise into another, all property rights and obligations of the former enterprise are transferred to the other newly formed enterprise.

Article 40. Liquidation Commission

1. The liquidation of an enterprise is carried out by a liquidation commission, formed by the owner or by an organ authorized by him, and in the case of the bankruptcy of an enterprise—by a court of a state board of arbitration. By their decision, the liquidation can be carried out by the enterprise itself in the person of the management organ.

The owner, the court (state board of arbitration), or the organ authorized to create an enterprise, having taken the decision to liquidate the enterprise, established the procedure and the time periods for the execution of the liquidation, as well as the time period for the filing of claims by creditors, which cannot be less than 2 months from the moment of the liquidation announcement.

2. The liquidation commission or other organ carrying out the liquidation of the enterprise inserts in the official press, at the place where the enterprise is located, an announcement about its liquidation and about the procedure and the time period for the filing of claims by creditors. Along with this publication, the liquidation commission (the organ carrying out the liquidation) is obligated to do work in regard to the collection of debtor liabilities of the enterprise and the disclosure of the claims of the creditors with the notification of the latter concerning the liquidation of the enterprise.

The liquidation commission (the organ carrying out the liquidation) assesses the property of the enterprise being liquidated and settles accounts with the creditors, composes a liquidation balance and presents it to the owner or the organ which appointed the liquidation commission.

Article 41. Satisfaction of the Claims of Creditors

1. Claims of creditors against the enterprise being liquidated are satisfied from the property of this enterprise. In so doing, first and foremost the debts to the budget are satisfied and the expenditures for the recultivation of the land that was used by the enterprise being liquidated.

2. Claims disclosed and made after the expiration of the time period established for their statement are satisfied from the property of the enterprise that remained after the satisfaction of all top priority claims, disclosed claims, and claims declared within the established time period.

3. Claims not satisfied for lack of property are considered cancelled. Also considered as cancelled are claims not recognized by the liquidation commission (the organ carrying out the liquidation), if creditors, in the course of a month from the day of the receipt of the report concerning the full or partial non-recognition of claims, do not bring suit in a court or the State Board of Arbitration concerning the satisfaction of their demands.

4. When an enterprise is liquidated, the capitalization of periodical payments is carried out, which are due from this enterprise in connection with the infliction of severe injury or other health damage, or with the death of a citizen.

5. When an enterprise is liquidated, the contribution of a member of the labor collective is given out to him in monetary form or as securities after the satisfaction of the claims of creditors.

6. Property that has remained after the satisfaction of the claims of creditors and the members of the labor collective are used according to the instruction of the owner.

7. In the reorganization of an enterprise, its rights and obligations are transferred to the assignee.

We ask that observations and suggestions in regard to the draft law be sent, before 1 March 1991, to the following address: 700008 Tashkent, Dom Pravitelstva, Committee of the UzSSR Supreme Soviet for Industry, Consumer Goods, Services to the Population, and Trade. Tel. 398-494, 398-775.

Kazakhstan Issues Law on Employment of Population

Text of Law

914 10574.1 Alma-Ata KAZAKHSTANSKAYA PRAVDA
in Russian 8 Feb 91 pp 3-4

[Law of the Kazakh Soviet Socialist Republic signed by N. Nazarbayev, president of the Kazakh Soviet Socialist Republic, in Alma-Ata, 15 December 1990: "On Employment of the Population"]

[Text] Pursuant to the USSR Constitution, the KaSSR Constitution, the Bases of Employment Legislation of

the USSR and Union Republics, and international standards, this Law defines the legal guarantees and economic and organizational bases for citizens to exercise the constitutional right to work, including the right to free choice of employment and job and protection against unemployment in the context of a market economy and equality of the various forms of ownership.

Section I. General Provisions

Article 1. Employment of Individuals

Employment is defined as an activity of citizens that does not contradict the USSR Constitution or KaSSR Constitution and is related to satisfying their personal and social needs, and as a rule brings them earnings or work-related income.

The activity of individuals and their choice of occupation and the type and character of employment, including employment not related to performance of remunerated work (bringing up children, keeping house, civic activity), are based exclusively on the voluntary principle. No forms of administrative or other coercion of individuals to work are permitted except the cases envisaged by legislation of Kazakh SSR.

Employment in Kazakh SSR is ensured by conducting a vigorous socioeconomic policy aimed at meeting the needs of the citizens for work and for vocational training and retraining, stimulation of the creation of jobs, and the performance of republic and regional employment programs.

Article 2. The Employed Labor Force

The employed labor force consists of the following:

- a) individuals working for wages in enterprises, institutions, and organizations of all types and under all forms of ownership, including joint and foreign-owned, for remuneration fulltime and parttime, and also those who have a paying job confirmed by a contract or agreement to that effect, but who are temporarily absent because of illness, leave, a strike, or temporary cessation of production;
- b) self-employed persons, including entrepreneurs, persons engaged in private work activity, cooperative members, members of peasant farms, and members of their families taking part in production;
- c) individuals employed in public and religious organizations whose activity is not contrary to current legislation;
- d) persons elected, appointed, and installed in a paying official position;
- e) military personnel serving in the Armed Forces, border forces, internal forces and railroad forces, and state security agencies and agencies for internal affairs;

f) pupils in general public schools, educational centers, vocational and technical schools, secondary specialized and higher educational institutions;

g) nationals of other countries who are working and residing temporarily on the territory of the republic and performing functions not related to support of embassies and missions;

h) individuals employed in other forms of activity which are not contrary to legislation of Kazakh SSR.

Article 3. Employment Legislation

Employment relations are regulated by the KaSSR Constitution, by the KaSSR Labor Code, by this Law, by collective agreements (contracts), and by other legislative and normative enactments of KaSSR and the Union of SSR.

Employment legislation also extends to foreign nationals and stateless persons residing in Kazakh SSR unless this is contrary to legislative enactments in effect on its territory.

Article 4. Basic Principles of the Policy of the State in the Field of Employment

The basic principles of policy in the field of employment are as follows:

- a) recognition of the priority of the working way of life of citizens, and the performance of vigorous measures to achieve full employment;
- b) equal opportunities guaranteed to all citizens regardless of race, sex, attitude toward religion, age, political conviction, nationality, knowledge of language, and social status in exercising the right to work, and free choice of work in keeping with abilities and vocational training, so as to take into account personal interests and the needs of society;
- c) support for the work initiative of individuals, assistance and incentives for them to develop their abilities for productive and creative work so as to guarantee the workers decent conditions of employment and decent working and living conditions;
- d) performance of specific measures to guarantee employment of individuals who have low competitiveness on the labor market and who have experienced particular difficulties in seeking permanent employment;
- e) combination of centralized measures to solve the most important unionwide and interrepublic problems of employment with measures to ensure employment taken by Kazakh SSR and local soviets of people's deputies independently;
- f) coordination of activity in the field of employment with other directions of economic and social welfare policy;

- g) participation of trade unions and associations (alliances) of entrepreneurs in the drafting, performance, and monitoring of measures to ensure employment in the context of interaction with state administrative agencies;
- h) organization of international cooperation in solving the problems of employment, including the work of citizens abroad and the work of foreign nationals in Kazakh SSR.

Article 5. The Unemployed

The unemployed are taken to be individuals who for reasons beyond their control do not have wages (income from work), who are registered with the state employment service as persons seeking work, who are able and ready to work, and to whom that service has not made offers of suitable work.

Should it be impossible to offer suitable work, it may be suggested to the unemployed person that he go through vocational training or retraining and improve his qualifications.

The procedure for registration of individuals as unemployed and also the conditions for paying them appropriate benefits are defined by the government of Kazakh SSR jointly with the trade unions.

Article 6. Suitable Work

1. Work is considered suitable if it is in line with the worker's vocational training, if it takes into account the condition of his health, his age, his length of service and experience in his previous specialty, and the transportation accessibility to the new place of work.

Work may not be considered suitable in the following cases:

- a) it is offered in a region where the housing conditions are considerably worse than those which the worker had before applying to the state employment service;
- b) it is quite far from the permanent place of residence, and public transportation does not provide good access to it (less than 1.5 hours).

2. At the end of the original period of unemployment, if it has been impossible to offer the individual work in his specialty, work requiring change of occupation (specialty) may be considered suitable if it takes into account the individual's abilities, his strength, his past experience, and the training facilities accessible to him.

In the case of persons seeking work for the first time and who do not have an occupation (specialty), work may be considered suitable that requires prior occupational training and also any paid work (including temporary work) if it takes into account the age and other abilities of the individuals and meets the requirements of labor legislation.

Article 7. State Guarantees Related to Job Placement

This Law guarantees citizens living on the territory of Kazakh SSR the following:

- a) gratis rendering of vocational guidance services, vocational training and retraining, information on job vacancies, intermediary assistance in selection of a suitable job, and job placement;
- b) the offering of suitable work for a period of at least three years to graduates of state educational institutions;
- c) protection from unwarranted refusal to hire and discharge and also assistance in retaining work;
- d) protection against all forms of discrimination and equal opportunities guaranteed to all workers in acquiring an occupation and work and working and employment conditions;
- e) the opportunity to participate in paying public work projects;
- f) reimbursement of material costs related to assignment to work in another locality or referral for training and retraining;
- g) job placement of persons requiring social protection and experiencing difficulties in seeking work, including single parents and families with many children, those who have minor children, persons with two or more dependents, young people under age 20, disabled persons, persons of pensionable age discharged from the Army into the reserves, soldier-internationalists, persons discharged after serving prison sentences, persons who have received treatment under court order, and involuntary migrants (hereinafter "persons needing social protection") by creating additional jobs and specialized enterprises, by organizing special training programs, and through other measures. Soviets of people's deputies may assign enterprises, institutions, and organizations a minimum number of special jobs and stimulate enterprises, institutions, and organizations to hire these people.

Local soviets of people's deputies may at their own expense envisage additional guarantees for individuals, including those employed at enterprises being liquidated in connection with measures to improve the environmental situation and as a result of natural disasters and bankruptcies.

State employment agencies see to the publication of statistical and informative material on the state of the labor market with respect to the manpower supply and demand and opportunities for job placement, vocational guidance, training, and retraining.

Section II. Rights of Individuals to Employment Security

Article 8. Right of Individuals to Job Placement

Individuals are entitled to job placement, free choice of where they work and the type of work through direct application to enterprises, institutions, and organizations, peasant farms, and other employers, or through the gratis mediation of the state employment service.

The hiring decision is made on the basis of a mutual agreement between the enterprise, institution, or organization (other employer) and the individual seeking work.

The conclusion of contracts (agreements) in job placement is regulated by labor legislation of Kazakh SSR.

Article 9. Right of Individuals to Assistance in Job Placement

Every individual living on the territory of Kazakh SSR is entitled to obtain gratis assistance in job placement from the state employment service (employment agency services).

Employment agency services consist of helping people seeking work to choose it and to be placed in jobs and helping enterprises, institutions, and organizations of all types which have a need for personnel to find them and provide the necessary training.

Employment agency services are based on the following principles:

- accessibility to people seeking work and to employers.
- the voluntary principle, which means that employment agency services are used by both parties free of any coercion.
- equality, which signifies identical duties of the state employment service toward all persons seeking work.
- glasnost, which means that every job opening of which the state employment service has been notified must be made known to those seeking work.

Article 10. Right of Individuals To Obtain Vocational Consultation, Training and Retraining, and Information

Individuals living on the territory of Kazakh SSR are entitled to gratis vocational consultation, training and retraining, medical examination, and relevant information concerning types of employment, occupations, and places of work.

Vocational consultation is furnished by supplying information on occupations, working conditions at enterprises, opportunities for improvement of qualifications, and professional growth.

Medical examinations are performed by state health care institutions to meet the needs of vocational consultations.

Article 11. Right of Individuals to Contract Forms of Job Placement

Individuals living on the territory of Kazakh SSR have a right to conclude contracts on job placement with all forms of enterprises, institutions, and organizations and peasant farms located in Kazakh SSR or on the territory of other union republics.

If the individuals so desire, contract job placement may also be done with the state employment service acting as an intermediary, if necessary—including the individual's prior vocational training. The period of that training is included in pensionable service.

When individuals move to a new place of work and new place of residence on the basis of contracts, enterprises, institutions, and organizations of all types located on the territory of Kazakh SSR pay the individuals the cost of the move, a per diem for every day of travel, and also a benefit at least equal to the amount established by current legislation. In other cases, costs are reimbursed from the state fund for promotion of employment.

Article 12. Right to Job Placement Abroad

Every individual is entitled to work activity during a period of temporary residence abroad. He is also entitled to ask the state employment service to act as an intermediary. The character and conditions of its service as an intermediary are defined by legislation of Kazakh SSR.

Article 13. Right of Individuals to Social Support in the Labor Field

Individuals who duly qualify as unemployed are entitled to obtain an unemployment benefit and material assistance for family members. The procedure and conditions of their payment are established by the Government of Kazakh SSR.

Article 14. Right To Appeal Unauthorized Actions by Personnel of the State Employment Service

Individuals have the right to appeal unauthorized actions of personnel of the state employment service to its superior agency and also through the courts.

Section III. Regulation and Organization of Employment of the Population

In order to promote the productive and freely chosen employment of the population, state administrative agencies of Kazakh SSR act as follows, taking into account progress in the socioeconomic development of the republic and oblasts and the results of demographic policy, investment policy, technical policy, tax policy, and credit-and-financial policy:

- a) conduct research and forecast changes in employment, economic structure, and manpower distribution;

b) draft and submit for approval of the KaSSR Supreme Soviet and local soviets of people's deputies republic and regional employment programs, and they see that they are carried out within the limits of their competence;

c) promote creation of additional jobs and improvement of working conditions in social production, stimulate development of business enterprise, provide help to persons in organizing cooperatives, leased enterprises, and joint stock enterprises, self-employment, and peasant farms;

d) take steps related to social and legal protection of the self-employed population within the limits of the standards envisaged by legislation of Kazakh SSR;

e) within the limits of their competence, they see to state regulation of interrepublic and foreign economic activity related to the recruitment and use of manpower from other union republics and foreign countries on the basis of quotas and licenses.

The Government of Kazakh SSR and the ispolkoms of local soviets of people's deputies grant enterprises and organizations benefits related to taxes and other payments into republic and local budgets (all the way to full exemption from taxes and other payments) for hiring individuals in need of social protection and indicated under Point "g" of Article 7 of this Law and also for creating additional jobs for them.

Article 16. The Republic Employment Program and Regional Employment Programs

The republic employment program and regional employment programs are drafted by the Government of Kazakh SSR and by executive committees of local soviets of people's deputies within the framework of the economic and social development of Kazakh SSR and its regions in order to promote employment and to meet the need which individuals have for work.

The employment programs envisage the following:

a) improvement of reproduction of manpower, linked to creation of jobs, to training, retraining, and improvement of qualifications, and to the vocational guidance of the population;

b) incentives for structural revamping of the economy and for job placement of workers laid off in production operations and branches that are developing;

c) measures to prevent unemployment and to provide social protection of the population against its consequences;

d) organization of the employment of particular population groups in need of social protection and also individuals of pensionable age;

e) measures to give enterprises and organizations economic motivation to improve working conditions, to develop jobs, and to adopt flexible forms of employment;

f) improvement of the organizational structure of the state employment service, and formation of its material basis, personnel, information system, statistical base, financial basis, and a stock of scientific procedures.

Article 17. Employers

Employers are enterprises, institutions, organizations, business establishments, cooperatives, private farmers, and any other juridical and natural persons who offer work to the workers on the basis of an employment contract (agreement).

Article 18. Obligations of Enterprises, Institutions, and Organizations in the Implementation of State Employment Policy

Enterprises, institutions, organizations, and other employees operating on the territory of Kazakh SSR, regardless of the form of ownership and type of economic activity, support the conduct of state employment policy on the basis of the following:

- performance of the conditions of the contract (agreement) regulating employment relations pursuant to labor legislation of Kazakh SSR;
- creation of conditions for providing occupational training and retraining and improvement of qualifications of individuals employed at enterprises;
- financial deductions into the state fund for promotion of employment.

Enterprises guarantee efficient use of labor resources and create jobs for persons in need of social protection. The number of such jobs is set by local soviets of people's deputies, but not to exceed 3 percent of the total number of workers.

In keeping with the quota assigned them by executive committees of local soviets of people's deputies, enterprises must hire a certain number of persons in need of social protection.

Enterprises, institutions, and organizations are required within three days to file with the employment service complete information about the existence of job vacancies (vacant positions) and also to inform in good time the state employment service and trade unions concerning a possible liquidation, reorganization, or structural changes which could result in a layoff of manpower or an upcoming increase in the number of jobs. Persons guilty of concealing jobs are liable for a fine in the amount of two monthly salaries.

Enterprises, institutions, and organizations are required to create the number of specialized job positions for disabled persons set by local soviets. If this requirement is not fully met, a fine is collected from the enterprise in the amount of the average annual wage of a worker at the

enterprise for every job not created. A fine is collected in the same proportion from enterprises, institutions, and organizations if they refuse to hire previously requested graduates of higher and secondary specialized and vocational and technical educational institutions or persons underprotected on the labor market. These amounts are credited to the state fund for promotion of employment. Managers of enterprises guilty of these violations are liable under Article 39 of this Law.

The costs of employers in creating additional jobs for disabled persons over and above the established minimum and also for training and retraining of persons in this category may be compensated out of the resources of local soviets of people's deputies and also from the state fund for promotion of employment, profit tax benefits may be provided, and other means may be used.

Enterprises, institutions, and organizations under all forms of ownership and economic activity pay a severance benefit to workers laid off when a contract (agreement) is dissolved in connection with a reduction of the work force or staff in the amount of at least one average month's wage.

Enterprises, institutions, and organizations recruit foreign manpower and also manpower from other union republics only under license from the Ministry of Labor of Kazakh SSR.

Article 19. Employment and the Trade Unions

1. The trade unions participate in drafting employment policy and relevant programs and legislative enactments of Kazakh SSR and decisions of local soviets of people's deputies.

2. State administrative agencies and also economic authorities and employers regularly hold consultations and work out measures with the trade union on guaranteeing employment, on social protection of workers laid off and also workers who have difficulty obtaining work, and on other matters affecting the interests of the workers in the field of employment, and they include these measures in collective contracts (agreements).

Article 20. The State Employment Service

The state employment service is created in Kazakh SSR to carry out policy of employment of the population and to back up the relevant guarantees to individuals. It is formed and operates at the rayon, city (city rayon), oblast, and republic levels under the direction of the respective ispolkoms of local soviets of people's deputies and the Kazakh SSR Ministry of Labor, and is financed from the resources of the state fund for promotion of employment envisaged for that purpose.

The procedure governing the formation, activity, and accountability of the state employment service is defined by the Government of Kazakh SSR.

Rayon and city (city rayon) employment centers are the primary unit of the state employment service.

The state employment service renders the services of providing employment to individuals free of charge.

Within the structure of the state employment service, an inspectorate is created to see that state agencies, enterprises, institutions, and organizations (regardless of form of ownership and type of economic activity), peasant farms, and other employers adhere to legislation concerning the rights of individuals to work and employment.

Article 21. Rights and Duties of the State Employment Service

The state employment service:

- analyzes and forecasts the manpower supply and demand and furnishes information on the state of the labor market;
- keeps records of individuals applying for job placement and on the existence of job vacancies (vacant positions);
- gives individuals applying to the employment service and also enterprises, institutions, and organizations, and other employees consultations on the possibilities of obtaining work and on the availability of manpower, on working conditions, needs for occupations and workers, and information on other matters useful to ensuring employment;
- provides assistance to individuals in choosing suitable work and to enterprises, institutions, organizations, and other employers—in selecting the necessary workers;
- registers the unemployed and provides them social support within its jurisdiction, including the payment of benefits;
- renders services in vocational guidance and job placement to workers laid off and the unemployed, organizes their vocational training and retraining within its own system or in other educational institutions;
- organizes the drafting of republic and regional (oblast, city, and rayon) employment programs and envisages in them measures for social protection of various population groups;
- assists enterprises, organizations, and other employers in solving problems of creating new jobs and guaranteeing employment of the population.

2. The state employment service has the following rights:

- to request by the date it specifies information from enterprises, institutions, and organizations located on the territory of Kazakh SSR, regardless of the form of ownership and type of economic activity, concerning job vacancies (vacant positions), and also information on a proposed layoff of workers;
- to send to all types of enterprises, institutions, and organizations individuals applying to the employment service for job placement in keeping with their vocational training and level of qualifications if job vacancies (vacant positions) exist there;
- to draft and submit for consideration of local soviets of people's deputies proposals on establishing for all

types of enterprises, institutions, and organizations quotas to be met in hiring persons in need of social protection and experiencing particular difficulties in job placement, and also to send these individuals out for job placement;

- to conclude by agreement with all types of enterprises, institutions, and organizations contracts in their name with individuals in connection with job placement following (if necessary) vocational training, the payment of travel, per diems for time spent traveling, and the established benefits to be charged to the resources of the enterprises, institutions, and organizations;
- to assign unemployed individuals, with their consent, to paid jobs in public works;
- to duly pay the cost of vocational training and retraining of the unemployed and also to assign them stipends for the period of training in the established amount;
- to pay the unemployed unemployment benefits in accordance with established procedure, and to suspend and terminate the payment of that benefit;
- to disburse the resources of the state fund for promotion of employment in accordance with established procedure;
- to create public funds for promotion of employment from voluntary deductions of enterprises, institutions, and organizations and donations by individuals;
- to duly issue certificates to commercial organizations for the rendering of paid services of job placement to individuals;
- to organize in association with the employment service commercial organizations for rendering paid services to enterprises, institutions, and organizations under all forms of ownership and type of economic activity on a contract basis to meet their requests, and also to perform other types of activity which are not contrary to this Law.

3. On the recommendation of the state employment service, soviets of people's deputies may finance from their own resources suspension for a period up to six months of the decision of enterprises, institutions, and organizations to lay off workers in cases when their subsequent job placement would be difficult, with partial or full compensation of the losses of the enterprises resulting from this postponement.

Article 22. The State Fund for Promotion of Employment

As an independent financial system, the state fund for promotion of employment is created to finance measures to implement employment policy and to ensure the effective operation of the state employment service.

The state fund for promotion of employment is formed in accordance with the procedure defined by the Government of Kazakh SSR and financed from the following sources:

- compulsory deductions of enterprises, institutions, organizations, cooperatives, and other employers, regardless of form of ownership and type of economic activity, in the established proportion of the fund for remuneration of labor, a proportion that is adjusted annually by the Kazakh SSR Supreme Soviet upon representation of the government, these outlays being charged to the production cost;
- grants from the republic and local budgets in amounts determined by the Government of Kazakh SSR and local soviets of people's deputies when the respective budgets are drawn up;
- voluntary contributions of enterprises and organizations, individual citizens, and other receipts.

The purposes for expenditure of the resources of the state fund for promotion of employment at the various levels is determined in the republic and regional employment programs.

The resources of the state fund for promotion of employment are disbursed by the state employment service. The purposes for which they are used and reports on use of the resources of the fund are examined by the Government of Kazakh SSR and local soviets of people's deputies.

The state fund for promotion of employment is exempted from payment of all types of taxes and also state fees and customs duties.

Article 23. Organization of Public Works

Ispolkoms of local soviets of people's deputies organize with the help of the state employment service the performance of paid public works jobs at enterprises, institutions, and organizations which are the property of the soviets and under contract in other enterprises, institutions, and organizations.

A contract for a specified term which may be extended by agreement of the parties is concluded with persons who wish to participate in public works projects. Unemployed citizens have preference in conclusion of these contracts.

Remuneration of individuals employed in public works projects is according to work actually done, but must be at least 15 percent greater than the unemployment benefit.

Social welfare guarantees, including the right to pension coverage and sick leave benefits, extend to individuals employed on public works projects.

Public works projects are financed from the local budget, the resources of enterprises and organizations for which they are performed, and the resources of the state fund for promotion of employment.

The procedure for organizing and the conditions for performance of paid jobs in public works projects for various groups of the population are defined by the Government of Kazakh SSR.

Article 24. Vocational Training and Retraining of Unemployed Individuals

Unemployed individuals go through vocational training and retraining in the training centers of the state employment service or in other educational institutions on referral of that service and financed with the resources envisaged in the state fund for promotion of employment. Educational institutions, independently of their subordination, may not refuse applications of the state employment service for enrollment of trainees. This work is done on a contract basis.

Individuals duly registered as unemployed who during the initial period of employment have not had an opportunity to be placed in permanent jobs acquire another occupation (specialty) they choose in educational institutions on referral of the state employment service.

The training in an occupation or retraining are organized for the unemployed with their consent in the following cases:

- a) when a referral for work is not possible because of the lack of an occupational skill;
- b) when a change in qualifications is necessary because of a permanent or periodical absence of offers of work corresponding to their qualifications;
- c) loss of the ability to do work in the previous occupation.

Article 25. Voluntary Resettlement of Individuals and Members of Their Families

On behalf of socioeconomic development of areas and the construction and activation of production facilities and facilities for cultural and everyday services, the Government of Kazakh SSR and ispolkoms of local soviets of people's deputies draft specific programs for developing those regions, envisaging measures to promote voluntary resettlement of individuals and members of their families with a guarantee that they will be given work in their specialty and that the appropriate material and financial resources will be allocated. The procedure for drafting and carrying out these measures and for allocating the relevant material and financial resources is defined by the Government of Kazakh SSR and local soviets of people's deputies.

Article 26. Zones for Priority Development

The Government of Kazakh SSR designates areas where development of jobs is being stimulated. Such areas, above all those with a surplus of labor, acquire the status of "zones for priority development" for a set period of time determined by the Government of Kazakh SSR.

Enterprises setting up production plants and subsidiaries and creating jobs in those areas enjoy benefits according to the procedure and under the conditions defined by legislation of Kazakh SSR and the Union of SSR.

Article 27. State Statistical Reporting on Employment of the Population

State statistical reporting is established for the purpose of management of employment.

Section IV. Social Guarantees and Compensation for the Unemployed

Article 28. Types of Guarantees and Compensation

Kazakh SSR assists with available resources the job placement of individuals who have lost their work through layoffs and dismissal and those who want to resume work after a lengthy interruption (more than a year), as well as persons seeking work for the first time.

If it is not possible to offer suitable work, during the period of seeking it or during occupational training (retraining) for new work, individuals are guaranteed the following:

1. retention of total and continuous work service and payment of stipends in the period of vocational training, improvement of qualifications or retraining (within the limits of the apprentice contract with the state employment service);
2. retention of total and continuous work service and payment of remuneration for work at paid jobs in public works projects;
3. payment of the requisite unemployment benefit and retention of continuous work service during that period;
4. the rendering of material assistance to the unemployed person and to the elderly and minors who are his dependents;
5. due compensation of material costs related to moving to a job in another locality on referral of the state employment service;
6. offering to persons close to pension age, should they be discharged in a staff or labor force reduction of enterprises, organizations, and institutions (reorganization or liquidation), and also after they serve their term in an elective position, the possibility of early retirement (as much as two years).

Article 29. Additional Guarantees for Workers Laid Off From Enterprises, Institutions, and Organizations

1. Workers laid off from enterprises, institutions, and organizations because of their reorganization and liquidation or staff (labor force) reduction retain during the period of seeking work, but not more than three months, the average wage (including the severance benefit for one month) and continuous work service provided within 14 calendar days after discharge they register with the employment service as persons seeking work. If at the end of the three-month period, the worker laid off is not offered suitable work, he acquires unemployed status.

In other cases, workers laid off for these reasons have the right to obtain the one-month severance benefit.

The severance benefit for one month and average wage, if retained, are paid at the previous place of employment.

2. Workers laid off from enterprises, institutions, and organizations because of their liquidation, reorganization, or staff reduction, if they have gone through vocational retraining or improvement of qualifications full-time at their new place of employment, retain for the entire period of training the average wage in their previous job. When taxable profit is computed, the amount of balance-sheet profit of an enterprise, institution, or organization is reduced by the total amount of money they have spent for vocational training, improvement of qualifications, and retraining of such workers.

If necessary, the state employment service may compensate enterprises, institutions, and organizations up to 50 percent of the costs of organizing the training of individuals being hired who have been laid off at other enterprises, institutions, and organizations.

3. Persons who have lost employment because of a production accident or the onset of an occupational disease and accordingly need vocational training, improvement of qualifications, and retraining have the same status as workers laid off.

Article 30. Procedure for Determining the Amount of the Unemployment Benefit

1. An unemployment benefit is assigned to persons who have lost their employment and earnings (income from work) in a percentage of the base wage in the individual's previous place of work, applied to the wage rates (salaries) recommended by the state, taking into account piece-rate earnings or supplements for performance of assignments subject to quotas (hereinafter "base wage"), calculated as the average for the last three months of work. The procedure for computing the base wage is defined by the Government of Kazakh SSR in agreement with the Council of the Federation of Trade Unions of Kazakhstan.

In all other cases, including individuals seeking work for the first time, the unemployment benefit is fixed as a percentage of the subsistence minimum set by legislation of Kazakh SSR.

2. The amount of the unemployment benefit for persons living in regions where coefficients are applied to wages are determined for the period they lived in those regions applying the coefficient established in the given region for workers in nonproduction branches.

3. The amount of the unemployment benefit is duly subject to indexing.

Article 31. Conditions and Intervals for Payment of the Unemployment Benefit

1. The right to the unemployment benefit is extended to able-bodied individuals until they qualify for a pension if they have been duly declared and registered as unemployed. This right is also acquired by individuals seeking work for the first time or wishing to resume work activity after a lengthy period (more than one year).

2. Beginning on the eighth day following the individual's registration as an unemployed person, the unemployment benefit is paid until the question of job settlement is settled, but no more than 26 calendar weeks over a 12-month period for persons who have lost employment and earnings (income from work) or are trying to resume work activity after a lengthy interruption (more than one year), and 36 calendar weeks for persons close to pensionable age (within two years). The period is 13 calendar weeks for persons seeking work for the first time.

3. The unemployment benefit is paid to individuals who have lost their employment and earnings (income from work) when for 12 months preceding the beginning of unemployment they had paid employment (income from work) for at least 12 calendar weeks with a full workday (week) or a short workday (workweek) that converts to 12 calendar weeks with a full workday (week).

4. During the period of receiving the benefits, the unemployed person must actively seek employment and must report to the employment service at least once a week.

5. Local soviets of people's deputies in the republic may establish longer periods for payment of the benefits or may envisage conditions under which extension of their payment would be financed from their own resources.

6. Collective agreements (contracts) may envisage a longer period of payment and larger unemployment benefit financed from the resources of enterprises and organizations and also measures to protect workers in case of a temporary shutdown of production, including payment of benefits to workers who work a short workday (workweek) who are seeking employment with a full workday (workweek).

Article 32. The Amount of the Unemployment Benefit

1. Individuals who have lost employment and earnings (income from work) and are registered as unemployed persons are guaranteed a benefit amounting to at least 50 percent of their base wage in their last place of work, but not more than the average wage in the republic and not less than the subsistence minimum established by legislation of Kazakh SSR.

2. Individuals seeking work for the first time and entitled to obtain an unemployment benefit are guaranteed its payment in the proportion of at least 75 percent of the subsistence minimum established by legislation of the Kazakh SSR for 13 calendar weeks, on condition of their voluntary consent to take part in paid public works.

projects or their readiness to go through vocational training in order to improve opportunities for job placement.

3. Individuals discharged from military service in the Armed Forces and also border forces, interior forces, railroad forces, and other types of forces, agencies for internal affairs, and state security are entitled to the benefit under the conditions envisaged by Point 1 of this article. That benefit may not be less than the subsistence minimum established by legislation of Kazakh SSR.

4. Individuals who wish to resume work activity after a lengthy interruption, if they qualify to receive the unemployment benefit, are guaranteed its payment in the following amounts:

a) for persons who have an occupation (specialty) and also persons whose paid employment during the previous 12 months amounts to less than 12 calendar weeks, assuming they have at least one year of total pensionable service—not less than 100 percent for the first 13 calendar weeks and 75 percent during the next 13 calendar weeks of the subsistence minimum established by legislation of Kazakh SSR, provided their job placement does not require vocational training, improvement of qualifications, or retraining;

b) in other cases, including people who do not have an occupation (specialty)—at least 75 percent of the subsistence minimum established by legislation of Kazakh SSR, provided they consent voluntarily to take part in paid public works projects or are ready to go through vocational training, improvement of qualifications, or retraining.

5. Individuals declared to be unemployed after they complete vocational training and retraining in educational institutions (full-time study) are entitled to receive the unemployment benefit in at least the amount of the subsistence minimum set by legislation of Kazakh SSR.

6. Unemployed persons who have children under age 14 and other dependents receive a benefit increased by 10 percent for each dependent.

Article 33. Suspension of Payment of the Unemployment Benefit

Payment of the unemployment benefit is suspended and is not made for up to three months or its amount is reduced in the following cases:

a) if an individual refuses two offers of suitable employment or refuses two offers of such employment after completing vocational training (retraining) on referral of the state employment service. After the first refusal of the offer of suitable employment, the amount of the benefit is reduced by 50 percent;

b) if under procedure in effect the individual is paid a severance benefit and other payments when he is laid off

from the enterprise, institution, or organization, providing the recipient partial and temporary replacement of the lost income;

c) if the individual was discharged for a violation of work discipline;

d) if the individual quit his employment and does not provide good cause;

e) if the individual takes temporary work while receiving the unemployment benefit and does not notify the state employment service.

Persons who take temporary employment or employment under some other short-term contract do not receive the unemployment benefit if the remuneration of their work is larger than the amount of the benefit;

f) if there has been a violation of the conditions of Point 4 of Article 31 of this Law.

Article 34. Amount of Stipends Paid to Individuals During Vocational Training, Improvement of Qualifications, and Retraining

1. During the period of vocational training, improvement of qualifications, or retraining, unemployed persons are paid a stipend in the amount of 100 percent of their base wage at their last place of employment if they have at least 12 weeks of work service during the 12 months preceding the beginning of unemployment, but not less than the subsistence minimum established by legislation of Kazakh SSR.

2. Individuals who have lost employment because of an accident in the workplace or the onset of an occupational disease are paid a stipend in the amount of 100 percent of their base wage at their last place of employment regardless of the length of their work service.

3. Individuals who have not worked for a long time (more than one year) and need vocational training, improvement of qualifications, and retraining are awarded a stipend in the amount of 50 percent of the base wage in Kazakh SSR, and those seeking work for the first time are awarded a stipend in the amount of 100 percent of the subsistence minimum established by legislation.

Article 35. Material Assistance

Individuals who have lost the right to the unemployment benefit because the established period for its payment has expired, and also dependent family members are provided material and other assistance, including subsidies for the use of housing, municipal services and utilities, public transportation, according to the procedure and under the conditions defined by the government of Kazakh SSR, local soviets of people's deputies, or collective agreements (contracts).

Article 36. Unemployment Insurance

Individuals may conclude a contract against the case of loss of employment with agencies of State Insurance. The procedure, term, and conditions of the insurance are determined by legislation of Kazakh SSR.

Employers have the right to ensure their workers against their loss of employment. The procedure and conditions of this insurance are defined by the collective agreement.

Section V. State and Public Enforcement and Accountability for Violation of the Law of Kazakh SSR on Employment of the Population

Article 37. The Tasks of Enforcement

The tasks of state and public enforcement consist of guaranteeing that the requirements of the Law on Employment and of other normative documents derived from it are complied with by all state and public agencies, enterprises, institutions, organizations, and also individuals.

Article 38. Agencies Responsible for State and Public Enforcement

Soviets of people's deputies, the inspectorate of the state employment service, and the trade unions are responsible for state and public enforcement of the Law on Employment.

Article 39. Accountability for Violation of Employment Legislation

Persons guilty of violating the Law on Employment are accountable (through disciplinary, material, administrative, and criminal proceedings) according to the procedure established by legislation of Kazakh SSR and the Union of SSR.

Article 40. Relative Jurisdiction of Kazakh SSR and the Union of SSR

Kazakh SSR decides fully those matters related to drafting and implementing employment policy on its territory and guaranteeing the rights of citizens envisaged by this law and other legislative enactments.

In keeping with the Union Treaty, Kazakh SSR participates in defining the basic principles of state policy in the field of employment on a nationwide scale, the minimum standards binding on all union republics governing social and economic protection of individuals regardless of where they live, and coordination of activity on matters of employment of the population, and it concludes agreements with them concerning the drafting of nationwide employment programs.

[Signed] N. Nazarbayev, president, Kazakh SSR, Alma-ata, 15 December 1990.

Decree on Law's Implementation

91440574B Alma-Ata KAZAKHSTANSKAYA PRAVDA
in Russian 8 Feb 91 p 4

[Decree of the Kazakh SSR Supreme Soviet signed by Ye. Asanbayev, chairman of the Kazakh SSR Supreme Soviet: "Procedure for Implementing the Law of Kazakh SSR on Employment of the Population"]

[Text] The Supreme Soviet of the Kazakh Socialist Republic decrees as follows:

1. The Law of Kazakh SSR on Employment of the Population will take effect on 1 July 1991.

Legislative enactments of the republic on labor and employment relations remain in effect insofar as they do not contradict this law.

2. By 1 May 1991, the Cabinet of Ministers of Kazakh SSR:

- prepare and submit to the Supreme Soviet of Kazakh SSR proposals for bringing legislation of Kazakh SSR into conformity with the Law of Kazakh SSR on Employment of the Population, and also proposals on establishing accountability for violating it;
- bring decisions of the Government of Kazakh SSR into conformity with the Law of Kazakh SSR on Employment of the Population;
- see that departmental and normative enactments are revised and departmental and other instructions rescinded if they contradict the Law of Kazakh SSR on Employment of the Population.

Pursuant to Article 22 of the Law of Kazakh SSR on Employment of the Population, it will prepare and submit to the Supreme Soviet proposals on the proportion of mandatory deductions of enterprises, institutions, and organizations payable into the state fund for promotion of employment in 1991.

3. The Cabinet of Ministers of Kazakh SSR and soviets of people's deputies are ordered:

- to complete formation in all oblasts, cities, and rayons of the republic, on the basis of regional centers for job placement, retraining, and vocational guidance of the population (job placement bureaus) that exist in the system of Kazakh SSR Goskomtrud, of a unified republic service for employment of the population, including inspectorates to enforce the Law of Kazakh SSR on Employment of the Population. They are to draft and approve the necessary normative documents on this question;
- to envisage allocation from the budget of the necessary money to the state fund for promotion of employment in order to form the state employment service, to equip it, and to finance it beginning in January 1991;
- to take up the business of staffing the subdivisions for employment created with qualified specialists, housing them in space suitable for their work,

- including the organization of methods and teaching rooms, furnishing them computers, vehicles, communications equipment, and printing facilities. At the same time, they are to settle the question of supplying housing and space in children's preschool institutions for workers in this category;
- to draft and approve republic and regional programs for employment of the population for 1991;
 - to form the state fund for promotion of employment. To approve the regulation concerning that fund;
 - to decide the question of developing at the level of the republic and the oblasts a unified automated data bank containing information on manpower supply and demand the recording of job openings, and the performance of vocational guidance and training of personnel. The program for automation of the employment service is to be included in the republic state program for establishing the information system;
 - to take up the question of the transition to the regional principle in vocational training of workers and to retraining workers laid off using the republic's vocational and technical schools, bringing them together to form a single system;
 - to define the procedure and conditions for awarding economic benefits to enterprises and organizations under all forms of ownership which in conformity with the Law of Kazakh SSR on Employment of the Population create additional jobs for the placement of various categories of citizens who are not very competitive on the labor market.

4. The Cabinet of Ministers of Kazakh SSR is to draft and carry out a program of measures guaranteeing the mechanism for practical implementation of the Law on Kazakh SSR on Employment of the Population and of its individual articles. To that end, it is to draft and deliver the necessary instructions and regulations on this matter to local soviets of people's deputies, the republic's ministries and departments, associations and enterprises under union jurisdiction, alliances and associations of entrepreneurs located on its territory, and public organizations.

5. It is recommended that the Council of the Federation of Trade Unions of Kazakhstan bring the conditions for conclusion of collective agreements (contracts) on job placement of individuals into conformity with the Law of Kazakh SSR on Employment of the Population.

[Signed] Ye. Asanbayev, chairman, Kazakh SSR Supreme Soviet

Latvian Supsov Approves Property Privatization Steps

LD2103222691 Moscow TASS in English 2140 GMT
21 Mar 91

[Report by TASS correspondent Galina Kuchina]

[Text] Riga March 22 TASS—The Latvian parliament on Wednesday approved principles to privatise state

property. Legislators noted that they made the first step to a market economy and the development of private enterprise.

Privatisation will be based on the redemption of state property, including redemption on easy terms. This is the difference from the draft laws of the USSR and the Russian Federation, where part of state assets (about a third) will be distributed free of charge. The parliamentary opposition suggested a similar approach. But the majority voted against free distribution. Deputies said that everything received by people free psychologically provokes a corresponding attitude: this is not the way to create a class of thrifty owners.

If people have no money, a special system of crediting will be used, under which debts will be paid out over several years.

The parliament took into account the desire of the People's Front: according to its concept, a considerable part of accumulated property should be distributed in accordance with a contribution of each person to the accumulation of national wealth, with the issue of an appropriate certificate.

The republican parliament does not fully reject this concept in its decision but it will be applied only in limited cases. Specialists explained that this idea will be used most likely to privatise the housing stock.

The next principle is to return property, nationalised after June, 1940, to former owners or their heirs. The return will be made irrespective of their present citizenship.

The decision says that it is possible to make compensation with securities but not with money. The value and size of expropriated property will be determined with acts of stock-taking, studying property before and after the war.

The decision says that acts, issued after 1940 to nationalise property, will be made null and void. The document also notes that work will be done "to legally assess and review decisions on the transfer of state property to Soviet ministries and public, cooperative and other organisations".

Commenting on this decision, Ilma Rudusa, a senior official of the national economy department, said: "There is a basis now to draft laws and create a mechanism to protect the interests of all Latvian citizens."

"The priority right to the redemption of property will be granted to people directly involved in its creation: people working, say, in a shop, factory or a dress-making and tailoring establishment, which are to be privatised."

Latvian Supsov Resolution on Property Privatization

*PM0104140391 Moscow IZVESTIYA in Russian
26 Mar 91 Union Edition p 2*

[Irina Litvinova report under the "Direct Line" rubric: "Homes, Stores, and Factories to Their Former Owners"]

[Text] Riga—Latvia's Supreme Soviet has adopted a resolution on state property and the basic principles for its conversion.

Archive keepers will have more work to do in the very near future: Parliament has decided that any former owner or his heir can, according to procedures established by law, reclaim ownership rights over property that has been nationalized or otherwise expropriated since 17 June 1940. The resolution points out that citizenship is immaterial in this regard. Claims for stores, homes, and factories could arrive in Latvia from both Russia and the United States alike.

Property will be restored to former owners and their heirs either directly or by means of securities as compensation.

Former owners and their heirs will receive compensation to the amount of residual value remaining in the postwar period as registered in documents on the stocktaking of fixed assets. It is especially provided that the resolution does not cover compensation for property destroyed during the war years or for confiscated private property shipped out by the USSR and German armies.

And what will happen to assets whose owners fail to make themselves known? It has been decided that they will be sold. Opposition spokesmen from the "Equal Rights" faction tried in vain to introduce an amendment to the effect that "part of the property will be transferred to labor collectives free of charge." This principle is included in drafts on the destatization of property (in the Union and Russian versions, for example), but the People's Front faction categorically rejected this option.

There were also arguments about whether rubles could be used to buy out Latvian plants and factories, or whether they could be acquired only for foreign currency. Common sense prevailed on this occasion: it was recognized that rubles are also money. True enough, Latvia's bank was instructed to work out a mechanism for protecting the Latvian republic's interests by reducing to a minimum "the involvement of non-convertible USSR currency from persons who are not permanent residents of the republic in the process of the state property's privatization."

The Supreme Soviet appointed a commission for the protection and conversion of national property. A corresponding department was set up in the Council of Ministers.

Latvian CP Statement on Property Privatization Resolution

PM1104150791 Riga SOVETSKAYA LATVIYA in Russian 30 Mar 91 p 1

[“Statement by the Latvian Communist Party Central Committee Bureau in Connection With the Latvian Republic Supreme Soviet Resolution on State Property and the Basic Principles Governing Its Conversion”—SOVETSKAYA LATVIYA headline]

[Text] The Latvian Republic's Supreme Soviet and government, while declaring their striving for a rule-of-law democratic state, have in fact taken the path of not recognizing and disregarding the USSR Constitution, the Latvian SSR [Soviet Socialist Republic] Constitution, the USSR laws, and the USSR president's decrees not just in the political sphere but also in the socioeconomic sphere, including the property sphere.

Way back in 1990, the republic's Supreme Soviet unilaterally adopted a law introducing amendments to the Latvian SSR Constitution, whereby any state property, including all-Union property, situated on the Latvian Republic's territory belongs to it.

The Supreme Soviet also adopted a special resolution "On Protection of State Property in the Latvian Republic," whereby USSR Council of Ministers Resolution No. 1062 of 19 October 1990 "On the Transformation of State Union Enterprises, Associations, and Organizations Situated on the Territory of the Latvian SSR into Joint Stock Corporations" was proclaimed spent from the moment of its adoption. Under the aforementioned USSR Council of Ministers resolution, 51 percent of all-Union property was to be transferred to labor collectives, thus making them genuine masters of production.

The republic's government does not wish to let this happen, and has elaborated its own program for the conversion of state property.

A few days ago the Latvian Supreme Soviet, complying with the People's Front faction diktat, adopted a resolution "On State Property and the Basic Principles Governing Its Conversion." It restores the ownership rights over enterprises, stores, and homes which existed as at 17 June 1940. Former owners and their heirs either will have the actual property returned directly to them or will receive compensation in the form of securities. Any remaining state property will be privatized by sale. The People's Front faction categorically rejected the proposal by "Equal Rights" faction deputies on the free transfer of part of the property to labor collectives without payment.

In connection with the aforementioned resolution's adoption, the Latvian Communist Party Central Committee Bureau makes the following statement.

The Latvian Supreme Soviet resolution threatens a sharp destabilization of the sociopolitical situation in the republic. It is an overt act of social revenge by the forces

striving to completely change the social system in Latvia. A step has been taken toward restoring society's division into haves and have-nots, into masters and proletarians.

The Latvian Communist Party Central Committee Bureau holds that the privatization of state property by sale prevents the bulk of working people from becoming property owners because they lack the necessary funds to purchase it. From the viewpoint of social justice, working people should not have to buy out that which has been paid for severalfold through their labor. It is therefore unlawful to return property to the former owners 50 years later, let alone returning it to their heirs, including those living abroad.

We are against the conversion of property effected by means of authoritarian methods, demonstratively scorning the labor collectives' rights and opinions.

The Latvian Communist Party Central Committee Bureau affirms the principled position expressed in the party's Program Declaration. While perceiving the destatization of property as a necessary condition for extricating the economy from the crisis and for ensuring economic democracy and production efficiency, Communists advocate that the bulk of property be handed over to labor collectives; they are against the return of enterprises and housing stock to their former owners and the revival of the parasitical stratum of house owners.

The Latvian Communist Party Central Committee Bureau calls on all working people to voice their protest against the antipeople policy pursued by the republic's ruling circles.

Unemployment Seen as Growing Problem for Latvia

PM0504151991 Moscow *IZVESTIYI* in Russian
1 Apr 91 Union Edition p 3

[Irina Litvinova report under the "Direct Line" rubric
"Unemployment on the Horizon"]

[Text] Riga—The republic media sources are full of warning signals: it seems that unemployment will soon become a reality in Latvia.

The People's Front newspaper ATMODA reported that in the city of Kuldiga the regional employment bureau had registered 200 unemployed. For the most part, city-dwellers were deprived of work after the reorganization of their enterprises and establishments. According to statistics, approximately 5,000 people, mainly office workers and engineering and technical personnel, lost their jobs in the first quarter. There are fewer than 1,000 vacancies available to them. The employment situation in the countryside does not inspire optimism either: The prospect of finding work on kolkhozes or sovkhozes is highly questionable, and not everybody is capable of becoming a self-employed peasant farmer. The countryside may force additional manpower onto the urban

labor market, where unfortunately there is as much chance of acquiring unemployed status as there is of finding a job.

According to the draft law on employment, "a non-working citizen of working age who for reasons beyond his control has no earnings or other sources of income but who is looking for work and has registered as such with the employment services in his place of residence" is considered unemployed. Status as an unemployed person will secure for him financial assistance at a rate of 90 percent of the subsistence wage. An explanatory note in the draft law "On Employment for the Population" points out that, if unemployment in the republic reaches 4-5 percent, then 60 million rubles a year will be needed just to provide the six-month benefits, maintenance payments, and retraining allowances.

Lithuania's Brazauskas Interviewed on Property, Land Laws

PM0804140991 Vilnius *ECHO LIT* in Russian
27 Mar 91 p 3

[Item from the "Lithuanian Press Digest" feature, comprising excerpts from interview with Algirdas Brazauskas, Lithuanian Supreme Soviet deputy and chairman of the Lithuanian Democratic Labor Party, by Rimantas Shlayus; original item published by Vilnius TIESA in Lithuanian 23 March 1991; first paragraph is an introduction]

[Text] "Who Will Protect the Crop Farmer, the State?" TIESA published under this headline on Saturday, 23 March, an interview with Algirdas Brazauskas, Lithuanian Supreme Soviet deputy and chairman of the Lithuanian Democratic Labor Party, by journalist Rimantas Shlayus.

[Shlayus] A law on the procedure and conditions for the return of real estate still in existence will soon be adopted. This is important for all Lithuanian people—some are rejoicing, others are perturbed.

[Brazauskas] This is a very complex time in Lithuania's life. The law is extremely dangerous—no other word would describe it. I hope that each of the law's articles and provisions will be very seriously discussed in parliament's commissions and factions, that it will be carefully studied by the entire Supreme Soviet.

Much, very much indeed could change in Lithuania following this law's adoption. Let us first take a look at the problem's essence. The former owners' property was either nationalized or otherwise confiscated not by the Lithuanian Republic or its leadership—that was done by the Soviet Union, and I therefore believe that, at the talks, it ought to be presented with an account as one of the most important arguments in favor of reimbursement for any loss incurred.

After all, we all want to correct an injustice. But I assume that compensation could be partial and could be paid

over an extended time period. But the draft provides that compensation for lost property should be paid within 2.5 years. This is absolutely unrealistic.

Let us think, what resources will be used to pay compensation? After all, only state budget funds can provide a source for compensation payments. But they are collected from all people. Therefore, they will have to be taxed even more in the future. This means that we will be encouraging a confrontation in society right away.

Or take the return of homes for example. These homes may already have been bought by other people. They have full legal grounds to consider themselves masters of the building in question. The law provides that housing for people who have to be rehoused will be provided by the relevant city or rayon self-administration or some other department. But I cannot even imagine how this will be done, seeing that housing construction in our republic has been halved. In essence, we are condemning these people to major housing inconveniences. This is not humane.

[Shlayus] The Supreme Soviet Commission on the Economy, whose sittings were addressed by you and other specialists, has been critical of the provisions of the Law on the Land

[Brazauskas] Article 4 provides that the land should be divided among all who owned it previously, regardless of whether they are prepared to work on the land. There is, incidentally, a provision that land could be returned even to representatives of the third generation. Fine, let us divide it up. How many people will be working on the land?

True enough, the law provides that if the land is not utilized for its proper purpose, it will revert to state management after one year. But the state itself cannot till the land, either. I think that this part of the law could lead to the most unpleasant and most terrible consequences. We may find ourselves on the brink of starvation. Farms and the entire modern management system will collapse.

To continue. The law categorically demands that former urban owners will be entitled to the return of former land parcels of up to 20 acres. This area would be sufficient for three individual homes. But where in the cities can you find such large vacant plots? It is physically impossible to return the actual land parcels. Therefore, following discussion of all these questions, our faction fully supports the trade unions which propose that the draft law be published in the press for comprehensive discussion by Lithuania's people.

'Cautious' Switch to Market Economy Sought in Lithuania

PM0704145391 Moscow *IZVESTIYI* in Russian
5 Apr 91 Union Edition p 2

[Nikolay Lashkevich report under the rubric "Direct Line": "Privatization Is Not Far Off"]

[Text] Vilnius—G. Vagnorius, prime minister of the Lithuanian Republic, has advocated closer, multifaceted economic ties with the USSR and a more cautious, consistent transition to the market.

He pointed out at a news conference in Government House that the Lithuanian Government is working in two areas: stabilizing the economic situation by preserving certain old administrative levers of economic management and making a gradual transition to the market. In the opinion of G. Vagnorius, the introduction of free prices and the liberalization of the economy are premature measures which could finally unbalance Lithuania's economy. Thus, the prime minister proved once again that he is a supporter of moderate, phased reforms.

At the same time he emphasized that the government firmly intends to reorient its activity with due regard for the special features of the market economy. It was for just this purpose that a law on the initial privatization of state property was adopted in Lithuania recently.

Under this law the property of industrial, transportation, construction, and certain other enterprises and establishments becomes the object of privatization in Lithuania. Information bulletins on privatization will soon be published, specifically indicating the various technical and economic data of the enterprise to be privatized. A central commission on privatization is being set up in the republic, with services in the provinces. These will accumulate information and organize auctions and subscription to shares, which, incidentally, only citizens of the Lithuanian Republic may acquire. Objects of privatization will be sold for state one-shot payments (investment checks)—for which a citizen opens a personal account into which the sums of allocated state one-shot payments and other targeted compensation are paid. The state's one-shot payments to support a private owner make up no more than two-thirds of the cost of property being privatized.

Presumably a wave of auctions at which the property of liquidated enterprises will be sold will soon sweep across Lithuania. As G. Vagnorius announced at the news conference, a law on the sale of the state and public housing stock, i.e., apartments, is being prepared. In short, the government headed by G. Vagnorius is moving slowly but steadily toward the privatization and dismantling of the administrative system of economic management. Time will show how correct such a tactic of phased entry into the market is.

Estonian Deputy Minister for Economic Affairs on 1990 Economy

91410567A Tallinn RAJUVA ETTEV in Estonian
5 Feb 91 p 2

[Article by M. Opman, deputy minister of economic affairs: "The Economic Year of 1990"]

[Text] Yesterday, the Ministry of Economic Affairs of the Republic of Estonia submitted a report to the government dealing with the socio-economic situation, and the issue of implementing the state budget for 1990. What follows is a short review based on this material.

The past year has turned out to be a trying one for our republic's economy. The effectiveness of our economic activity was reduced, to a great extent, by the growing lack of balance in the supply of material and technical resources, the rapid decline in the buying power of the ruble, the inflation, and the lack of foreign currency.

These economic difficulties in Estonia were attributable directly to the processes taking place in the Soviet Union—a deepening economic crisis and instability. Such a high degree of dependence was somewhat unexpected.

The management and regulation of economic activity were affected strongly by the general political situation and by the decisions made. Most people were probably convinced of how difficult it is for a sprouting enterprise to operate in a situation where it is not possible for the nation to protect its economy with its own state borders and currency.

The socio-economic program of the government, for the implementation of which many laws have either been drafted or passed, plays a central role in restoring the economic and political independence of the republic. The commission of experts has reviewed and submitted to the government over 200 drafts for legislative measures (compared to last year's 73). The Supreme Soviet passed only 14 pieces of legislation in 1989 and four last year. Between factional disputes and bureaucratic snags, the passing of some of the most important measures was delayed. To activate the market economy, legislation has been enacted for taxation, budget, wages and business starts, while no legislation exists for the privatization of state property, denationalization, our own currency and banking system, as well as measures guaranteeing suitable prices and effective ways of compensating for increases in the cost of living.

The forms of enterprise have indeed diversified (as of this date, there are approximately 3,600 farms in Estonia, 6,000 cooperatives, over 50 private enterprises, 1,000 corporations, more than 360 state enterprises turned over to municipal ownership, over 150 jointly owned businesses, 200 trading associations, and a lot of people given operating licenses), but privatization of state property and denationalization are still in their initial stages.

Economic activity was, no doubt, also affected by the fact that complete economic independence was not achieved in foreign commerce, banking and finance, and also in the matter of restoring the integrity of the economic complex.

During 1990, there was a steady decline in the supply discipline of production facilities (which constitute a majority in Estonia), due to shortages of raw materials

and component parts, a decrease in imported supplies, transportation snags and other such causes. The natural exchange of goods, based on direct contact, has been gaining in significance. It is hoped that agreements for the exchange of goods entered between the republics (especially Russia, Ukraine, Lithuania and Latvia—making up over 80 percent of our trade volume), along with the rationing and licensing on the export of some of the more important products, will yield positive results.

Industrial production in 1990 decreased by one percent. Work stoppages took place at many of Estonia's enterprises, especially during the second half of the year.

Basic industrial production for 1990 decreased by 1.9 percent or by 109.9 million rubles (including 13.4 million rubles for the first; 30 for the second; 41.1 for the third; and 25.4 for the fourth quarter). Production of Union-run enterprises increased by 6.5 million rubles (up 0.3 percent). The marked fluctuation in the output of goods was due largely to the political situation prevailing in both the Soviet Union and Estonia.

Out of the 79 most important areas of production, only 12 showed an increase. The most significant of these were: garments (11 percent), stockings and socks (9 percent), footwear (2 percent), bolted material (15 percent), furniture (5 percent), linoleum (25 percent), student notebooks (34 percent), equipment and spare parts (13 percent).

There was a significant drop in the production of meat (11 percent), cheese (13 percent), canned vegetables (14 percent), beer (17 percent), cotton fabric (10 percent), silk fabric (40 percent), bonded plywood (50 percent), roofing material (26 percent), lumber (23 percent) and cement (17 percent).

Work force in the industrial and production sectors diminished by 7,600 people (4.4 percent), primarily during the first half of the year. Since the work force diminished faster than the volume of production, productivity went up by 2.6 percent for the republic's industry as a whole.

Production of consumer items at 1990 retail prices grew 3.9 percent or up 165.6 million rubles due, primarily, to price hikes.

Several enterprises (Kreenholm Manufacturing, Linda, Kalev and others) had a markedly lower output of consumer items. Even price increases could not stop that trend. It does not follow from this, however, that the economic-financial condition of these enterprises has been deteriorating. In addition to snags in getting raw materials, especially in light industry, the drop in production was also caused by the lack of skilled labor needed.

Production of peat briquettes totaled 201,000 tons or 93 percent of the 1989 level. The needs of the population were met fully, nevertheless, since fewer briquettes were used due to the mild winter.

According to preliminary estimates, total **agricultural production** was down 7.5 percent, compared to 1989, including a 14 percent drop in the products of plant growers, and a five-percent drop in the products of animal growers.

The total yield of grain last year was 960,700 tons, (106,300 tons more than the average for the past 10 years). The primary objective here is to implement the plans developed for a grain economy—that call for increasing the total grain production by expanding the land area allotted for it. The state has taken the first step: the government of the republic has put into effect new prices to be paid for buying up the 1991 crop.

The per capita land allotment and production of potatoes, one of our more important staples and technical cultures, have been reduced to a critical limit of 45.400 hectares and 390 kilograms respectively. Last year's total potato crop of 614,500 tons is more or less sufficient to feed our own population and also to supply the food processing industry.

To encourage the growing and processing of potatoes (which includes the preparation of syrup as a sugar substitute), a development program has been put together by the Estonian Alliance of Potato Processors and will be submitted to the government for reviewing.

In 1990, there was a drop in the buying-up levels for all the products of animal growers, which included 13,700 tons or 4.7 percent for animals and poultry; 48,900 tons or 3.9 percent for milk; and 4.5 million or 1.1 percent for eggs. The setback in this area is due mainly to the shortage of feed. Concentrated feed purchases alone were down by close to 550,000 tons.

In 1990, contributions toward the Union-quota included 40,300 tons of meat and meat products, 369,600 tons of dairy products, and 31.2 million chicken eggs. In terms of the task set by the government of the Republic of Estonia, this represents 83.9, 77 and 104 percent of the quotas respectively.

Presumably, this year will not be an easy one for obtaining the products of animal growers, since the numbers of animals and fowl went down last year. Consumption will be affected, however, by higher prices. Thus the production pattern of agriculture will inevitably be altered. At the same time, production patterns at kolkhozes and sovhozes are being reorganized to accommodate the ownership law.

At the start of 1991, there were close to 3,600 farms in Estonia, with a total area of 95,565 hectares, or an average of 26 hectares per farm (11 to 12 hectares of arable land). Farms with more than 25 hectares of arable land number 1,600 or 44 percent of the total, most of them in the Voru and Tartu districts. The farm policy is geared to absorb the shock to the agricultural production that is expected to result from phasing out kolkhozes and sovhozes.

Auto transportation companies reporting to the Ministry of Transportation were operating under direct contracts last year. The hauling volume was 78.2 million tons or 18 percent less than that of 1989. Difficulties were experienced with both cars and their spare parts, as well as fuel. Out of the total allocations, only 57 percent of trucks and 52 percent of buses were actually received. This has forced us to look West. At the turn of the year, negotiations were held with several firms to explore the prospect of producing buses and spare parts in Estonia, and to create a joint enterprise. Agreements have been reached with companies ZIL, KAMAZ and MAZ for creating joint service companies with these firms that would also act as intermediaries for supplying the republic with products available from these companies.

The formation of an economically independent rail transportation company continues. The Estonian Railroad section of the Baltic Railroad hauled 30.1 million tons of cargo for the national economy this year (down 8.5 percent from 1989).

Estonian Civil Aviation Authority has increased passenger transport by 3.9 percent, compared to last year. Regular air service between Tallinn and Helsinki has been reinstated, and new flights have been added to the Tallinn-Stockholm route. Preparation for aviation specialists is now being offered at the Nou middle school.

Last year, a passenger ferry line was opened between Tallinn and Stockholm. Forty operating licenses were issued in the area of marine transport.

Although revenues for Estonia's communications companies showed vigorous growth (over 10 percent on the average), 2,131 telephones were not installed, much of the funding and investment capital was not put to use, and planned construction and installation jobs were not completed. These problems were caused by short supplies of equipment and materials. **Forty three Estonian enterprises had a chance to join an international telex network. International automatic long distance dialing was made available to 1,394 subscribers.**

Last year's building program was not fulfilled. Only 77 percent of the budgeted funding was used, which is still 12 percent more than the 1989 level. **The volume of unfinished construction grew by 181.4 million rubles or 16 percent during the year.**

Construction for housing and public buildings was running significantly behind plan figures. Compared to 1989, the volume decreased close to 50 percent for educational facilities, 30 percent for health care facilities, etc.

Expenditures for housing construction totaled 178 million rubles or 86 percent of the amount planned. **Preliminary data show that, stemming from a variety of financial resources, 428,000 square meters of living space became available (26 percent less than in 1989).** Due to the introduction of contract pricing and a shortages of materials, fewer major remodeling jobs were done in the housing sector.

This year, and even the next, will probably be spent on catching up, while construction on new public structures cannot be started because of shortages of both money and materials.

Hence the basic goals set for the 1990 plan for economic development have not been met.

The drop in the output of industrial production had a negative effect on the condition of the republic's consumer market, and reduced the opportunities for exchange trading between the republics. The slowdown in the economic development also caused the progress to slow down in the public sector.

The exceptionally rapid increase in the income of the population (the rate of payroll growth was 25 times bigger than the growth rate for national income), accompanied by a decrease in savings, only aggravated the unmet demand. People tried to invest their money in merchandise as quickly, and in amounts as big as possible, because they sensed the buying power of the ruble to be declining rapidly. Buying became indiscriminate. Even an absolute growth that would have tripled the trading volume from its 1989 level could probably not have closed the gap between supply and demand. Toward the end of last year, demand went up even higher due to rumors about the impending monetary reform. It had become unmanageable, and is unmanageable to this day.

The 1990 retail volume for the republic was 4.23 billion rubles, which represented a growth of 26 percent, compared to 1989. Contributing to this growth in the retail sales volume were alcoholic beverages—21 percent; and sales of items at discount prices—1.7 percent. Since our own industrial production remained level, the increase in the consumer resources was due, largely, to goods received from other republics.

The increase in the volume of goods remaining in Estonia was due partly to the fact that, starting in May of 1990, regulations took effect which required that certain commodities could only be exported within established quotas and subject to licensing. The export of approximately 80 different articles was restricted with quotas and licenses last year. The control mechanism was strengthened even further after the economic borders were enforced. Violators of the export ban were fined for close to half a million rubles.

The retail price of many food items went up during the second half of 1990. The cost of living index for the fourth quarter, calculated by the Office of Statistics, shows that the price of food items had increased an average of two times, compared to the fourth quarter of 1989. This included meat and meat products 2.04 times, fish and fish products 1.49 times, and milk and dairy products 1.77 times. The biggest increase was that for potatoes—5.68 times. The price index for manufactured goods was 1.22, and for services 1.20. Price increases started with the introduction of open market prices for vegetables and fruits. Beginning July 16, retail prices for fish and fish products went up an average of 2.5 to 3 times.

because they were no longer subsidized from the Union budget. Beginning October 15, the government of the republic implemented a price reform for meat and dairy products, and beginning November 20, prices went up for bakery goods containing sugar.

In connection with phasing out subsidies for food items, close to 700,000 people were given 84 rubles each to compensate for the price increases. An additional nine million rubles was given to local administrative units for the same purpose.

This was the first step taken to compensate for the cost of living, and additional measures will have to be worked out urgently. **To resist price increases now, after the Soviet government with its legislative act has raised the wholesale prices of raw materials on an average of two to three times, would be economic nonsense.** It only shows how political considerations have a way of directly affecting economic results. The onset of inflation is another reason why compensation procedures based on economic principles are needed so badly.

For the year just started, we clearly have to concede that the standard of living has declined, and will continue to decline further within both the Soviet Union and our republic.

The citizen expecting and demanding compensation will quickly have to be turned into an active and enterprising individual. It is imperative that we accelerate the implementation of all the parts of the economic reform, because the economic and political conditions are not likely to be more favorable to the republic this year than they were last year.

Kyrgyz Law Amending Legislation on Illegal Trade Activities

914.406/04 Frunze SLOVO KYRGYZSTANI
in Russian 6 Mar 91 p 4

[**"Law of the Republic of Kyrgyzstan: 'On Changes and Additions to Certain Legislative Enactments of the Kyrgyz SSR on Matters Pertaining To Increasing Liability for Speculation, Illegal Trade Activity, and Abuses in Trade'"**]

[Text] In connection with the increasing negative phenomena in the consumer market and the use of these circumstances to derive illegal incomes, and the need to increase liability for speculation and abuses in trade during the period of stabilization of the national economy during the transition to a market economy, and in accordance with the 31 October 1990 USSR law: "On Increasing Liability for Speculation and Illegal Trade Activity and for Abuses in Trade," the Republic of Kyrgyzstan Supreme Soviet DECREES:

- I. To make changes and additions to the following legislative enactments of the Kyrgyz SSR:

1. In the Criminal Code of the Kyrgyz SSR confirmed by the 29 December 1960 Kyrgyz SSR law (VEDOMOSTI VERKHOVNOGO SOVETA KIRGIZSKOY SSR, 1960, No. 40, item 145):

1) To make Article 156 read as follows:

"Article 156. Speculation."

"Speculation, that is, the purchase of goods for which state retail prices have been established, in trade enterprises (or organizations), and likewise other enterprises that sell goods to the public, and their resale for the purpose of easy profit:

"—is punishable by imprisonment for a term of up to three years with or without confiscation of property, or corrective labor for a term of up to two years with or without confiscation of property, or by a fine of from 1,000 rubles [R] to R5,000.

"Repeated speculation or speculation on a large scale, or with prior collusion with a group of persons, and likewise by a trade worker taking advantage of his service position:

"—is punishable by imprisonment for a term of three years to seven years with confiscation of property, or by a fine of from R5,000 to R15,000.

"Speculation on a particularly large scale or committed by a person previously convicted for speculation, or by an organized group:

"—is punishable by imprisonment for a term of five years to 10 years with confiscation of property.

"Note: It is established that the first clause of this article is applied in cases in which the amount of easy profit is more than R100 but less than R200.

"By speculation on a large scale is meant speculation in which the amount of easy profit is more than R2,000 but less than R10,000, and by speculation on a particularly large scale is meant speculation in which the easy profit is more than R10,000."

2) Article 158-2 is to read as follows:

"Article 158-2. Violation of Trade Rules."

"The sale of goods from warehouses and bases and from subsidiary premises at enterprises (or organizations) in state trade and public catering, and in consumer cooperatives in violation of established rules, and likewise concealment of goods from purchasers by an official of an enterprise (or organization) in state trade (or public catering) or in a cooperative taking advantage of his official position:

"—is punishable by imprisonment for a term of imprisonment of up to one year or corrective labor for the same term, or a fine of R1,000, with revision of the right to be employed in certain positions or to engage in certain activities.

"The sale of goods from warehouses and bases and from subsidiary premises at enterprises (or organizations) in state trade and public catering, and in consumer cooperatives in violation of established rules, and likewise concealment from purchasers done with prior collusion by a group of persons, or repeatedly by an official, or on a large scale:

"—is punishable by imprisonment for a term of up to three years with or without confiscation of property, or corrective labor for a term of up to two years with or without confiscation of property, or a fine of R2,000 to R5,000 with revision of the right to be employed in certain positions or to engage in certain activity for a period up to five years.

"The sale of goods from warehouses and bases and from subsidiary premises at enterprises (or organizations) in state trade (or public catering), and in consumer cooperatives in violation of established rules, and likewise concealment of goods from purchasers on a particularly large scale, or by persons previously convicted for crimes covered in this article:

"—is punishable by imprisonment for a term of from three years to seven years with confiscation of property and revision of the right to be employed in certain positions or engage in certain activity for a period of up to five years.

"Note: Large-scale sale and concealment of goods as described in this article are deemed to be sale and concealment of foodstuffs worth at least R500, and of other goods worth at least R2,000, while particularly large-scale is deemed to be goods worth at least R10,000."

3) To amend Articles 156-2 and 158-4 of the code as follows:

"Article 156-2. Artificial Raising and Holding of High Prices for Consumer Goods."

"Artificial raising and holding of high prices for consumer goods by second-hand dealers or other persons by means of collusion, coercion, or threat of coercion:

"—is punishable by imprisonment for a term of up to two years with or without confiscation of property, or a fine of up to R5,000.

"The same acts committed by a person previously convicted for crimes covered in this article:

"—are punishable by imprisonment for a term of up to five years with confiscation of property, or a fine of up to R10,000."

"Article 158-4. Illegal Trade Activity."

"Illegal trade activity, that is, concluding deals to buy or sell goods or other objects with evasion of registration under established procedure in order to obtain profit not controlled by the state, if such actions are committed

following administrative penalty for violating the procedure for engaging in individual labor activity in the trade sphere, or with prior collusion by a group of persons, or when large profits are made:

"—is punishable by imprisonment for a term of up to two years with or without confiscation of property, or corrective labor for a similar term with or without confiscation of property, or by a fine of R5,000.

"Illegal trade activity involving prior collusion by a group of persons, or profit on a particularly large scale not controlled by the state, or by a person previously convicted of this crime or of speculation:

"—is punishable by imprisonment for a term of from three years to seven years with or without confiscation of property or a fine of from R5,000 to R15,000, with revocation of the right to be employed in certain positions or engage in certain activities for a period of up to five years.

Note: By profit on a large scale not controlled by the state as stated in this article is meant profit in an amount of at least R3,000, and by profit on a particularly large scale is meant profit in an amount of at least R15,000."

2. In the Kyrgyz SSR Code of Administrative Legal Violations adopted by the Kyrgyz SSR Supreme Soviet on 7 December 1984 (VEDOMOSTI VERKHOVNOGO SOVETA KIRGIZSKOY SSR, 1984, appendix to No. 23, item 193):

1) To make the second part of Article 143 read as follows:

"The sale of goods from warehouses bases, and subsidiary premises of trade or public catering enterprises (or organizations), and likewise concealment of goods from purchasers by trade or public catering enterprise (or organization) workers in amounts up to R100:

"—is punishable by the imposition of a fine in an amount up to R50, and of R200 for officials."

2) To amend Article 147-3 and 147-4 as follows:

Article 147-3. Illegal Trade Activity.

"The sale in trade (or public catering) enterprises of property belonging by right to citizens, or the sale in cooperatives of goods allocated from state market stocks or acquired by them in the retail network, at prices above those set for such goods, in violation of established procedure:

"—is punishable by the imposition of a fine on the person making the decision to raise the prices, the fine to be in an amount of from R500 to R1,000, with confiscation of such goods.

"Actions covered by the first part of this article that are repeated:

"—are punishable by the imposition of a fine of from R1,000 to R3,000 with confiscation of such goods.

"Protocols on violations covered by these articles are drawn up by workers of the organs of internal affairs, officials in the tax inspectorates, or other officials empowered to do so by the soviets of people's deputies."

Article 147-4. Trading Without a License, and also Breaking of Seals.

"Trading without a license issued by the executive committee of a soviet of people's deputies:

"—is punishable by a fine of R3,000.

"Breaking or tampering with a seal placed by representatives of the state organs within the limits of their competence:

"—is punishable by a fine of R1,000.

"Protocols on the violations covered by this article are drawn up by workers of the organs of internal affairs, officials in the tax inspectorates, or other officials empowered to do so by the soviets of people's deputies."

3) In the third part of Article 26, the words "fines up to R300" are replaced with the words "fines up to R3,000."

4) Clause 6 of Article 191, after the words "legislative enactments of the USSR" the words "and the Kyrgyz SSR" are added.

5) Article 199, after "147-2" the phrase "147-3 and 147-4" is added.

6) In the second part of Article 245, after "147-2" the phrase "147-3 and 147-4" is added.

7) In the second part of Article 255, after "147-2" the phrase "147-3 and 147-4" is added.

8) In the first part of Article 272, after "147-2" the phrase "147-3 and 147-4" is added.

3. To make the following changes and amendments to the Criminal Procedural Code of the Kyrgyz SSR confirmed by the Kyrgyz SSR law of 29 December 1960 (VEDOMOSTI VERKHOVNOGO SOVETA KIRGIZSKOY SSR, 1960, No. 40, item 146):

1) In Article 115:

—in the first part, the words "156 first and fourth parts" are replaced with the words "156 first part";

—in the fourth part, after "156-1" add "156-2," and after the number and words "158 second part" add "158-4."

2) In Article 399, after the words "158 first part" add the words "158-2 first part."

/Signed/ A. Akayev, president of the Republic of Kyrgyzstan, Bishkek City, 5 February 1991

Kyrgyzstan Youth Fear Market Relations

LD0804192291 Moscow TASS in English 1558 GMT 8 Apr 91

[Report by TASS correspondent Boris Mainayev]

[Text] Bishkek April 8 TASS—The switch over to market relations disturbs and scares Kyrgyz young people, who are losing faith in their future. This conclusion was drawn by the local youth centre, which polled this section of the population of Kyrgyzstan, a Soviet central Asian republic, on the eve of the day when retail prices were raised in the USSR.

The sociological study was effected in five regions of the republic. Some 1,000 young people, aged from 15 to 30, were polled. Their answers showed that almost 60 per cent of them fear unemployment. One out of every five believes that this would be a tragedy for him. The authorities no longer enjoy the trust of the young people. 25.5 per cent of respondents believe it is useless to seek support from the authorities.

A third of those polled noted that their material resources were limited. Their wages are hardly enough to subsist from payday to payday. Some 59.3 per cent of them are planning to seek additional incomes. One out of every seven (13.3. per cent of the respondents) pin hopes on employment abroad.

Specialists are alarmed by the existing situation in the republic, since Kyrgyzstan had almost 140,000 jobless over the past few years. Two thirds of them are young people. Scientists believe social tension is growing among young people and this is fraught with an explosion.

Maybe the plight of young people will be somewhat relieved by today's decree, issued by the republic's president, to restore old prices in student and school canteens and to annul the five-per cent tax on principal food products.

Armenian Supsov Starts Debate on 1991 Plan and Budget

NC0404115991 Yerevan Domestic Service in Armenian 1730 GMT 3 Apr 91

[Excerpts] The bill on the 1991 plan and state budget for the socioeconomic development of the Armenian republic, which was the last point on the agenda of the second session, was today presented to parliament for consideration. Gagik Arutyunyan, deputy chairman of the Armenian Supreme Soviet, who was chairing the session gave the podium to Vazgen Manukyan, chairman of the Council of Ministers.

Manukyan noted that the present socioeconomic situation of the republic is closely conditioned by the political and economic processes taking place in the Soviet Union. The premier referred to the problems needing urgent attention.

[Begin Manukyan recording] What are the problems facing us? We are going to hold a referendum on 21 September in keeping with the decision of the Supreme Soviet, and will leave the Soviet Union. Here the question arises: What sort of an economic situation will the republic fall into? Of course, we want to maintain the economic ties with the other republics. This will not help us to achieve progress, but would enable us merely to survive. Another question is: Yes, we are interested in such ties, but do the other republics show a similar interest? Let me state that at present the Soviet Union is in a grave situation. Some of our colleagues are constantly in Moscow in connection with various problems. We are linked with various ministries and State Planning Committee. [words indistinct] They need us and we need them. We should not allow them to take political decisions (against us). That is, in order to prevent an economic blockade we should strengthen those ties in which the other republics are interested too. Here I must mention the Nairit Scientific-Production Association, Alaverdi Mining Combine, Kirovakan Chemical Plant and other factories which we have closed down due to ecological and political considerations. [passage omitted] I think that these factories should be recommissioned for two reasons: first, it will give an incentive to the other republics to maintain economic ties with Armenia, and, second it will give us the opportunity to enter the international market. Therefore, it is vitally important that this should be done before the referendum. [passage omitted] [end Manukyan recording]

The prime minister then replied to the questions of the people's deputies concerning various political and economic matters

Next, Grant Bagratyan, chairman of the State Committee for Economy, presented the main points of the 1991 socioeconomic plan for the republic. He also enumerated the work carried out by the government between September 1990 and February 1991. He regarded the successful conclusion of land privatization and the maintenance of the state control over the existing large enterprises as the priority duty of the government. He said that it is envisaged to bring all the economy of the republic within the control of republican supervisory structures by mid-1991. That is, henceforth the entire economy of Armenia will be administered by the government of the republic. Previously, the republic was administering only 42 percent of the economy. In Bagratyan's view the greatest achievement of the government was that despite the minimum resources and enormous difficulties no enterprise in the republic has closed down, though danger of it exists. He concluded his report with an optimistic tone. He said: Despite all this, we hope that the planned utilization of the available means and the structural changes would stabilize the economy in 1991, and starting with 1 January 1992 Armenia will emerge as an autonomous state, at least economically.

Dzhanik Dzhanoyan, finance minister of the republic, too spoke and presented the 1991 state budget. [passage omitted]

At the evening sitting the debate began on the 1991 socioeconomic plan and state budget. Many proposals were put forward. Some deputies considered the bill to be defective and noted that the document does not clarify how the republic's economic autonomy would be brought about. At the suggestion of the presiding chairman it was agreed that the bill should be revised and resubmitted to the parliament. [passage omitted]

The next full session of parliament will take place on 15 April.

[Yerevan ARMENPRES International Service in Armenian at 1215 GMT on 2 April quotes Levon Ter-Petrosyan, chairman of the Armenian Supreme Soviet as saying: "The second session of the Supreme Soviet will work according to a new schedule. The Supreme Soviet will hold full sessions on Mondays, Tuesdays and Wednesdays during the first and third weeks of each month, for the rest of the time the parliamentary work will be carried out in the standing commissions."]

INTERREGIONAL, FOREIGN TRADE

U.S. Company To Print Convertible Estonian Banknotes

PM0304141791 Moscow KOMSOMOLSKAYA PRAVDA in Russian 28 Mar 91 p 1

[Untitled INTERCEPT report under the general heading "What's New?"]

[Text] Estonia will be the first of the union republics to begin to issue its own hard currency. The American firm United States Banknote Company of New York, whose president has said that that the first denominations will be put into circulation as early as this year, will print them. Here is Estonian economist and USSR people's deputy Tiit Made's view:

"It will cost Estonia about \$2.6 million to have the banknotes printed. I do not at the moment know how many of these kroons will be released into circulation. There is an idea that they will not be released immediately, but in the first instance will be used in hard currency stores, so that foreigners change their foreign currency into them at the hard currency exchange rate. Kroons will be changed into rubles, and rubles into kroons—no, they can't be, inasmuch as Soviet currency is not convertible."

"I think that Moscow will oppose the kroon with all its might, because possessing your own hard currency is yet one more step toward independence."

PRICES, BUDGET, FINANCES

Belorussian Decree on Retail Price Reform, Protection of Populace

914.40584.4 Minsk SOVETSKAYA BELORUSSIYA in Russian 23 Mar 91 pp 3-4

[Belorussian SSR Council of Ministers Decree No 100, issued on 22 March and signed by V. Kebich, chairman of the BSSR Council of Ministers, and N. Kavko, administrator of affairs, BSSR Council of Ministers: "On Retail Price Reform and Social Protection for Residents of the Belorussian SSR"]

[Text] Minsk—In conformity with the agreement between the USSR and republics on questions of retail price reform and social protection for the public, the decree of 19 March 1991 issued by the President of the USSR, Decree No. 105 of 19 March 1991 issued by the USSR Cabinet of Ministers: "On Retail Price Reform and Social Protection for the Public," and decisions on these questions by the Belorussian SSR Supreme Soviet, the BSSR Council of Ministers **decrees**:

I. In the Sphere of Retail Price Reform

1. The measures to increase state retail prices for basic consumer goods, proceeding from the maximum levels established by Decree No. 105 of 19 March 1991 issued by the USSR Cabinet of Ministers, are to be approved in accordance with Supplement 1.

New state retail pricelists approved by the USSR Goskomtsen [State Committee on Prices] are to be introduced in the Belorussian SSR on 2 April 1991.

At the same time, the BSSR Gosekonomplan [State Economic Plan], oblast ispolkoms and the Minsk City Ispolkom, and BSSR ministries and departments are to adopt and introduce the new state retail pricelists for consumer goods and rates for services, and when necessary, to adopt other decisions related to state retail prices and tariffs.

2. The rates for carrying passengers and baggage by motor vehicle, river, and municipal electrical transportation facilities (streetcar, trolleybus), and the metro and the prices for hotel services are to be raised in accordance with Supplement 2, bearing in mind that rate increases for passenger service by railroad, air, and maritime transportation and for communications services have been established by Decree No. 105 of 19 March 1991 issued by the USSR Cabinet of Ministers (Supplement 3).

3. The state retail prices in effect for medicines and articles used in medicine, coffee, and vodka; for synthetic fiber fabrics and articles made with them; for footwear, fur articles, knitwear, hosiery, and toys made of synthetic materials; and for gasoline, kerosene, electricity, gas, coal, and cooking fuel and firewood supplied for the public are not to be increased.

It is considered advisable to retain without change the rates for basic housing and municipal services provided for the public, as well as the current retail prices for peat and coal and peat briquettes.

4. In order to limit the increase in retail prices, the subsidies for meat, dairy, and fish products, sugar, medicines, and certain other important consumer goods and services are to be partially retained for 1991.

It is stipulated that the new state retail prices for food and nonfood products are to be the same for cities and rural areas. The extra charges added to retail prices (transportation markups) for food and nonfood commodities sold by consumer cooperatives in rural areas are to be abolished.

5. It is stipulated that the commodities in Supplement 4 are to be sold to the public in accordance with regulated prices in 1991. Prices are regulated by introduction of their maximum levels or rates of change relative to the pricelist prices or in a different procedure established by the BSSR Gosekonomplan.

6. The BSSR Gosekonomplan, oblast ispolkoms, and the Minsk City Ispolkom are to adopt the maximum price levels or their rates of change and inform BSSR ministries and departments, associations, enterprises, and organizations before 28 March 1991.

7. The commodities in Supplement 5 are to be added to the list of consumer goods being sold to the public at contract (free) retail prices attached to BSSR Decree No. 308 of 12 December 1990.

Within the limits of the rights granted to them, oblast ispolkoms and the Minsk City Ispolkom are to put together a list of consumer goods and services for the public which are being sold at contract (free) retail prices and rates.

8. The BSSR Gosekonomplan is granted the right to make changes in the list of goods and services sold at regulated and contract (free) prices, in coordination with the BSSR Ministry of Finance, taking into account market conditions and other factors which have an effect on the production of goods and the provision of services.

9. In connection with future liberalization in price setting, the markups for new consumer goods with "D" and "N" indexes are to be discontinued.

10. When necessary, the BSSR Gosekonomplan, together with the BSSR Ministry of Trade, is to specify more precisely the rayons, organizations, and enterprises which are granted higher commercial discounts when goods are delivered at state retail prices.

In connection with the increase in wholesale and retail prices and tariffs and the fees for social insurance and commercial discounts:

—oblast ispolkoms and the Minsk City Ispolkom, in coordination with trade union organs, are to revise the

amounts of price markups in public dining, limiting their maximum level, and to recommend that the managers of enterprises and organizations and labor collectives compensate workers dining rooms for the additional expenses with funds from the enterprises and organizations. In determining the ratio between an increase in the consumption fund and the production output volume, to exclude the funds to reduce the price of public dining; and

—the ispolkoms of local soviets of people's deputies are to look for opportunities to make up for additional expenses in school and student snack bars and dining rooms with funds from local budgets.

11. The BSSR Gosekonomplan, the BSSR Ministry of Finance, the BSSR Ministry of Trade, and the Belkoopsoyuz [BSSR Cooperative Union] are to adopt the instructions for reappraising consumer goods in accordance with the appropriate product list in connection with the introduction of new retail prices and to see that these instructions are passed on to those who implement them

The BSSR Ministry of Finance, together with the BSSR Ministry of Trade and the Belkoopsoyuz, is to make proposals to the BSSR Council of Ministers for utilizing the funds from the upward price adjustment on the remainder of commodities for which new retail prices are being introduced.

12. The BSSR Gosekonomplan, the BSSR Ministry of Finance, the BSSR Ministry of Trade, the Belkoopsoyuz, oblast ispolkoms and the Minsk City Ispolkom are to be guided strictly by a common policy in the sphere of prices, they are to reinforce supervision of adherence to established pricing procedure, to take steps in a timely manner to eliminate prices which violate the legislation in force, to ensure that economic sanctions are inevitable for enterprises and organizations which violate state price discipline, and to call to account the persons guilty of these violations.

II. In the Sphere of Social Protection for the Public Owing to the Retail Price Change

13. The comprehensive measures for social protection of the public are to be carried out on the basis of full observance of citizens' rights to labor and a fair wage and society's support for those who are disabled or have insufficient means.

Compensation is to be provided to residents of the republic for additional expenses resulting from the change in retail prices in accordance with the following basic principles:

—all funds from the rise in prices of basic food products and types of building materials and furniture in wide use, as well as other nonfood commodities, are to be channeled into compensation, taking into account the income levels of the different social strata and population groups.

- full compensation for increased prices on commodities for children is to be provided by special assignment of the appropriate funds to families with minor children;
- the amounts of compensation payments from the budget and other sources are to be differentiated by sociodemographic groups in the population, with priority in material support given to the socially vulnerable strata, chiefly children, youth in school, the disabled, pensioners, and young, incomplete, and large families;
- wages for workers are to be increased at the same time that taxes on the profits of enterprises (kolkhozes) and citizens' incomes are to be reduced;
- some of the funds obtained from raising prices and tariffs are to be utilized especially to raise the wage level of employees in the key vocations in education, public health, social security, and culture and in archival institutions;
- existing allotments for youth in school are to be increased and new ones are to be introduced;
- the amounts of all kinds of pensions, grants, and other social payments are to be increased, and the range of persons receiving financial support from the state with funds from the BSSR Social Insurance Fund and the USSR Pension Fund is to be expanded;
- full compensation is to be provided for increased social service expenses in hospitals, boarding houses, schools, homes for the aged and disabled, and preschool and other institutions in the social sphere; and
- monetary compensation is to be increased for people residing in regions affected by the disaster at the Chernobyl AES [nuclear electric power station], and various forms of social assistance, mainly assistance in kind, is to be provided by local organs and enterprises for sections of the public with little means.

It is stipulated that:

- compensation payments be made concurrently with wages, a pension, an allowance, or a grant;
- the first compensation payments be made to workers and employees in advance, as a rule, with the consent of trade union organizations, before the time when the new prices are introduced for consumer goods and services, in the calendar periods for wage payments and
- the amounts of compensation payments may not be lower than the guaranteed income increases for the population groups concerned, which have been specified in this decree.

The Procedure for Increasing the People's Incomes and Minimum Guaranteed Amounts

For Working Citizens

14. State enterprises, organizations, and institutions are to review wage rates and salaries approved by decisions of the Government of the USSR and other organs on its behalf in order to compensate workers for the rise in prices of goods and services in everyday demand.

The BSSR State Committee for Labor and Social Protection of the Public is to work out recommendations over a two-month period for implementing a wage reform related to compensation payments, as well as the need to put wages in order in accordance with their amount and quality.

The administrations of enterprises are to remove restrictions which affect opportunities to increase efficiency and the wages for it. Guided by the basic principles for compensation set forth in this decree and other decisions by the republic government, wage rates and salaries are to be increased in coordination with trade union committees. Taking this and the funds available at enterprises into account, the amount of this increase should be no less than 60 rubles [R] per month.

The first compensation payments in connection with the price increases are to be made in the form of special payments which are added to wages in accordance with a separate register and included subsequently in the wage rates and salaries. Payments for those holding more than one position are to be made for the principal place of work.

It is recommended that kolkhozes and cooperatives and public organizations making use of the state wage rates and salaries raise the wages of workers by taking into account the principles set forth in this decree for state enterprises and organizations.

15. Pending the passage of legislation by the BSSR Supreme Soviet on the establishment of a new minimum wage level, a wage reform and conclusion of wage rate agreements between the administration of an enterprise and trade unions (or other organ empowered by a labor collective) for 1992, the wage rates and salaries adopted by decisions of the Government of the USSR and other organs on its behalf and raised in accordance with Paragraph 14 of this decree to R60 are considered to be state guarantees of the minimum wage levels for specific vocational-skill groups when the length of work time established by labor legislation is observed and work responsibilities (labor norms) are fulfilled by the worker.

16. It is stipulated that after wage rates and salaries are increased in conformity with Paragraph 14 of this decree, enterprises are to set higher wage rates and salaries for workers and employees independently, maintaining the proportions in wage and salary size within personnel categories, and to determine the forms and amounts of increments, additional payments, bonuses,

and other payments for providing incentive, including a one-time award for long service; the funds allocated previously for these purposes are to be retained for the enterprises.

The specific amounts of wages and salaries, as well as increments, additional payments and bonuses for the appropriate vocational-skill groups of workers are determined at enterprises by the conditions of collective contracts (rate agreements).

The rights indicated are realized within the limits of funds assigned for wages in conformity with legislative and other normative documents of the USSR and the Belorussian SSR. At the same time, the base wage fund used for calculating the consumption fund for 1991 is raised to the size of the wage and salary increase connected with the compensation payments resulting from the change in retail prices.

Enterprises, organizations, and institutions being financed from budgets exercise the rights mentioned within the limits of the funds allocated for these purposes.

17. It is stipulated that the state minimum wage level guarantees and the procedure for raising wage rates and salaries set forth in this decree be extended to workers engaged in hired labor with enterprises, organizations, and institutions under all forms of ownership.

18. In order to reinforce the social protection of those employed in education, public health and social security, culture, and archival institutions and to rectify the lag that has developed in their wage level, part of the funds from raising prices and tariffs are to be used to increase the wages of employees in the principal vocations in these sectors.

The first compensations in connection with the price increases are to be paid to workers in the sectors indicated (as well as to the employees in other sectors) in the form of special additional payments added to wages in the amount of R60 per month in accordance with a separate register.

The BSSR State Committee for Labor and Social Protection of the Public, with the participation of the BSSR Ministry of Finance and the council of the BSSR Trade Union Federation, is to develop and adopt new amounts for wage rates and salaries, taking into account the steps to raise the wages of the categories of workers mentioned which were set forth in BSSR Council of Ministers Decree No. 14 of 11 January 1991 "On the introduction of increments for the salaries and wage rates of employees in education, public health, social security, and culture."

19. Compensation payments by cost accounting enterprises, organizations and institutions are provided for their employees with their own funds, as well as with funds set aside to pay the tax on profit; the payments by budgetary organizations and institutions are provided by

funds allocated additionally for their wages from the appropriate budgets. At the same time, taxes are not imposed on direct compensation payments.

The BSSR Ministry of Finance is to submit proposals to the BSSR Council of Ministers on the sources for financing the expenditures for payment of compensations by insufficiently profitable and unprofitable enterprises, kolkhozes and sovkhozes, cultural and sports institutions of the BSSR Trade Union Federation, and other organizations which do not have the sources needed to pay compensations.

When necessary, associations, enterprises, and organizations can allocate residual assets from economic incentive funds to pay the compensations in connection with the price increases. Upon application by enterprises, bank institutions (including commercial banks) return reserved funds to their current accounts. The National Bank of the Belorussian SSR and the BSSR Ministry of Finance are to give appropriate directions to subordinate organizations.

It is stipulated that when enterprises, organizations, and institutions lack funds in their accounts to pay compensations in connection with the retail price increases, the National Bank of the Belorussian SSR is to organize the issuance of loans by the institutions of specialized and commercial banks for these purposes in the amounts needed and at favorable interest rates.

Loans are to be issued to kolkhozes and sovkhozes in 1991 under guarantee of the budget.

For Families With Children

20. In order to maintain the standard of living of families with children, the amounts of social allowances for these families are to be increased by an average 1.6 to 1.8 times as much, and special compensations are to be introduced for children up to 16 years of age who previously were not receiving allowances, and for students up to 18 years old who were not receiving grants.

21. It is considered advisable to retain the existing procedure for counting the amounts of social payments as a percentage of the minimum wage that has been established. Pending approval of the new minimum wage level, the following state guarantees establish the minimum allowances in effect for families with children:

21.1 A one-time grant of R250 when each child is born;

21.2 Monthly allowances of R110:

—to care of a child until he is a year and a half old, and from that age until age three if the child is not enrolled in a preschool institution, for working mothers with one year of service (for women under age 18, regardless of the length of service), as well as for mothers who are in training with leave from work. When two or more children are born, an allowance is paid for each child.

- for children of servicemen who have been inducted;
- for children who are wards (under guardianship);
- for children of single mothers (widows, widowers) who previously were kept in children's homes (boarding schools); and
- for children up to age 16 infected by persons with the immune deficiency virus or those ill with AIDS;

—21.3 Monthly allowances of R90:

- for single mothers with children six to 16 years of age (for students who do not receive grants, up to age 18); and

- for children six to 18 years of age whose parents evade payment of child support or in other cases set forth in legislation when exaction of the support is not possible;

21.4 Monthly allowances of R80:

- for care of a child until he is a year and a half old, and from that age until age three when the child is not enrolled in a preschool institution, for working mothers with less than 1 year of service and non-working mothers. When two or more children are born, an allowance is paid for each child;

- for children from one and a half to six years of age, except children from one and a half to three years old for whom child care allowances are being paid. In this case, the limit of the total monetary income of a family member which gives the right to an allowance is to be doubled, setting it at four times the minimum wage;

- for single mothers with children up to six years of age; and

- for children up to age six whose parents evade the payment of child support or in other cases set forth in legislation when exaction of the support is not possible.

22. Monthly payments are to be made for children who do not receive allowances and pensions under the current social security system in the amount of R40 for children up to age 16 (up to age 18 for students who are not receiving grants).

The payments indicated are made to families with children whose total income per family member does not exceed four times the minimum wage (R280).

23. Compensation payments are to be made to families with minor children, owing to the substantial increase in prices of commodities for children, in the following amounts per year:

- R200 for children up to six years of age;
- R240 for children six to 13 years old; and
- R280 for children 13 to 18 years old.

This compensation is to be paid quarterly in equal proportions.

24. Payments of compensations set forth by Paragraphs 21, 22, and 23 of this decree are to be made in accordance with the principal place of work (study) of the mother; in the event that the mother is not working, payments are to be made in accordance with the place of work of the father or other person taking the place of the parents. In other cases, the compensations are paid in social security or public education organs in accordance with the place of residence of the parent with a child or the persons taking the place of parents.

Payments of the allowances and compensations due are to be made at the same time.

Payments of compensations in advance are to be made in accordance with the personal applications of citizens with children, with subsequent submission within one month of documents on the composition of the family and the total income per family member, as well as other data needed for the assignment and payment of compensations.

The payments are to be made through funds:

24.1 The pension fund:

- monthly allowances for care of a child until he reaches one and a half years of age and allowances for children from one and a half to six years of age, except for children one and a half to three years old for whom child care allowances are being paid;

- allowances for children of inducted servicemen; and

- allowances for children up to age 16 who have been infected by persons with the immune deficiency virus or those ill with AIDS;

24.2 The social insurance fund: a one-time grant when each child is born:

24.3 Republic and local budgets:

- monthly allowances to care for a child one and a half to six years of age;

- monthly allowances for children of single mothers (widows, widowers) previously kept in children's homes (boarding schools); for single mothers with children six to 16 years old (up to age 18 for students who are not receiving a grant), and those with children up to six years old;

- monthly payments for children who are not receiving grants and pensions under the current social security system;

- payment to families with minor children owing to the substantial increase in the prices of children's commodities; and

—monthly allowances for children who are wards (under guardianship). Payment is to be made by public education organs.

Payment of allowances for children whose parents are evading payment for child support, or in other cases set forth by legislation when exaction of the support is not possible, is to be made with the funds for payment of temporary allowances for minor children.

For Students

25. As compensation for the higher retail prices, the amounts of stipends for students of higher, specialized secondary, and vocational and technical educational institutions are to be increased; at the same time, the absolute amounts of increments added to a stipend for progress made in studies, set in conformity with Decree No. 330 of the USSR Council of Ministers, the AUCCTU [All-Union Central Council of Trade Unions], and the Komsomol Central Committee of 1 April 1990 (BSSR Council of Ministers Decree No. 124 of 17 May 1990), are to be maintained.

Stipends are to be established in higher educational institutions:

—in the amount of R120 per month for advanced students, including R135 for those with only good marks, as well as only good and excellent marks, and R150 per month for those with only excellent marks;

—in the amount of R160 per month for students who were orphaned as children and children abandoned without parents, including R185 for students with only good marks, as well as only good and excellent marks, and R210 per month for those with only excellent marks;

—in the amount of R100 per month for students who were orphaned as children and children abandoned without parents who are being provided for by the state, including R115 for students with only good marks, as well as only good and excellent marks, and R130 per month for those with only excellent marks;

—in the amount of R50 per month for students who receive full support from the state in conformity with government decisions, including R65 for students with only good marks, as well as only good and excellent marks, and R80 per month for those with only excellent marks;

—in the amount of R180 per month for students who are former servicemen disabled from wounds, contusions, severe injuries, or illness acquired in the performance of their international duty, including R195 for students with only good marks, as well as only good and excellent marks, and R210 per month for those with only excellent marks; and

—in the amount of R80 per month for students in preparatory departments.

Increments added to the stipend for students undergoing military training in higher educational institutions under the reserve officer program are to be paid on the basis of those stipends established by Decree No. 330 of the USSR Council of Ministers, the AUCCTU, and the Komsomol Central Committee of 7 April 1990 (BSSR Council of Ministers Decree No. 124 of 17 May 1990).

Stipends are to be established in specialized secondary educational institutions:

—in the amount of R100 per month for advanced students, including R110 for those with only good marks, as well as only good and excellent marks, and R125 per month for those with only excellent marks;

—in the amount of R160 per month for students orphaned as children or abandoned without parents, including R185 for those with only good marks, as well as only good and excellent marks, and R210 per month for those with only excellent marks;

—in the amount of R80 per month for students orphaned as children or abandoned without parents who are provided for by the state, including R90 for those with only good marks, as well as only good and excellent marks, and R105 per month for those with only excellent marks;

—in the amount of R40 per month for students who receive full support from the state in conformity with government decisions, including R50 for students with only good marks, as well as only good and excellent marks, and R65 per month for those with only excellent marks; and

—in the amount of R180 per month for students who are former servicemen disabled from wounds, contusions, severe injuries, or illness acquired in the performance of their international duty, including R195 for students with only good marks, as well as only good and excellent marks, and R210 per month for those with only excellent marks.

Stipends are to be established in vocational and technical educational institutions:

—in the amount of R80 per month for advanced students in all types of vocational and technical educational institutions (except those being trained for work in agriculture, water facility construction, and forestry) for a term of study of no more than 10 months, including R90 for students with only good marks, as well as only good and excellent marks, and R100 per month for those with only excellent marks; in the amount of R90 per month for students whose parents were servicemen who were killed and persons in the status of Group I and II disabled World War veterans, including R100 for students with only good marks, as well as only good and excellent marks, and R110 per month for those with only excellent marks;

—in the amount of R40 per month for advanced students in all types of vocational and technical educational institutions with a term of study of no less than 10 months who are provided with uniforms and food in conformity with government decisions, including R45 for students with only good marks, as well as only good and excellent marks, and R50 per month for those with only excellent marks; in the amount of R50 per month for students who have families, including R55 for students with only good marks, as well as good and excellent marks, and R60 per month for those with only excellent marks; in the amount of R60 per month for students whose parents were servicemen who were killed and persons in the status of Group I and II disabled World War veterans, including R70 for students with only good marks, as well as good and excellent marks, and R85 per month for those with only excellent marks; and in the amount of R70 per month for students who have families, including R80 for students with only good marks, as well as only good and excellent marks, and R95 per month for those with only excellent marks.

—in the amount of R80 per month for students orphaned as children and abandoned without parents who are being provided for by the state, including R90 per month for students with only good marks, as well as good and excellent marks, and R105 per month for those with only excellent marks.

The current amounts of stipends for graduate students and doctoral candidates are to be increased by R60 per month.

It is stipulated that compensation is to be paid to students receiving stipends whose new amounts have not been specified by this decree: R60 per month in higher educational institutions and R55 per month in specialized secondary educational institutions. The BSSR Ministry of Public Education, the BSSR State Committee for Labor and Social Protection of the Public, together with the BSSR Ministry of Finance, are to stipulate the amounts of stipends for this category of youth within one month.

Higher and specialized secondary educational institutions and vocational and technical schools are to make payments in advance to students with the funds allocated to finance them.

For Pensioners, the Disabled, and Members of Families Which Have Lost the Breadwinner

26. In order to compensate for the price increases old-age, service and disability pensions, pensions provided when the breadwinner has been lost, and social pensions, as well as increments for disabled family members who are dependent on nonworking pensioners and do not receive compensation from other sources, are to be increased by R65 per month.

The pensions for orphans without either parent are to be double the amount specified when the breadwinner is lost.

Compensatory payments for working pensioners owing to the retail price reform are to be made in the procedure set forth for workers and employees.

27. Disabled persons and labor and war veterans are to be compensated for the expenses related to social privileges, including the acquisition of means of transportation established by current legislation for the disabled, as well as major repair of means of transportation for war and labor veterans and other categories of citizens.

The BSSR Ministry of Social Security, in coordination with the BSSR Ministry of Finance and the BSSR State Committee for Labor and Social Protection of the Public, is to submit proposals to the BSSR Council of Ministers on the amounts and procedure for the compensations cited.

28. It is recommended that local soviets of people's deputies supplement the monetary compensation for sections of the public which have insufficient means with different types of social assistance (including assistance in kind) and by granting privileges in taxation, in providing municipal and social services, allocating plots of land and garden houses under preferential conditions and by providing food and essential manufactured goods, especially for children, the disabled, pensioners and other sections of the public that are socially unprotected, it is recommended that they be partially compensated for their cost or receive them free of charge and that bills for medicines and special items be paid for the disabled and the aged, and that they be granted privileges in using municipal and suburban transportation facilities and other forms of assistance.

For the Unemployed

29. Citizens who have lost their job and earnings (labor income) who have been registered in the State Employment Service as persons who are looking for work and who are in the process of vocational training, skill improvement, or retraining at the decision of this service are to receive compensation in addition to their stipend in the amount of R50 per month for the entire training period.

Compensation in the amount of R50 per month is to be paid, in addition to the allowance provided at the decision of the State Employment Service, to citizens who are considered as unemployed in the procedure established and who are receiving an unemployment allowance. The period over which compensation is paid is established in conformity with Article 28 of the Fundamentals of Legislation of the USSR on Employment of the Public.

Questions related to the payment of compensations to citizens who are temporarily unemployed for reasons beyond their control and who have not been registered as

unemployed in the State Employment Service are to be dealt with and resolved by the ispolkoms of local soviets of people's deputies.

Other Compensation Measures

30. The BSSR Ministry of Finance, together with oblast ispolkoms and the Minsk City Ispolkom, the BSSR Ministry of Public Education, the BSSR Ministry of Public Health, the BSSR Ministry of Culture, and other BSSR ministries and departments concerned, is to increase the monetary norms of expenses for food, soft goods and uniforms, articles for cultural and domestic use and for educational purposes in schools, preschool institutions, children's homes and boarding schools, hospitals, polyclinics, and boarding houses for the disabled and aged, as well as in other organizations which operate on republic and local budgets; timely financing of these institutions and organizations is to be provided in conformity with the increased norms.

At the same time, the norms indicated include the funds intended for compensation payments to pensioners, children, and other categories of persons who are fully supported by the state.

31. Wage rates and salaries for persons kept in correctional institutions are to be increased by no less than R60 per month. The funds for partial reimbursement of the expenses to maintain these institutions are not to be withheld from the sums to increase the wages of these individuals.

32. In order to reduce the public's expenses to acquire individual socially necessary goods and services, a sales tax is not to be imposed on the following as of 2 April 1991: children's food products, meat and meat products (except delicacies), milk and dairy products, bread and bakery goods, cereals, flour, macaroni foods, eggs, sugar, salt, nonfood commodities for children, and the provision of services in operating the housing fund and dormitory facilities and keeping children in preschool institutions.

On this basis, the BSSR Gosekonomplan, the BSSR Ministry of Finance, and the BSSR Ministry of Trade are to make up a specific list of goods and services which are not subject to a sales tax.

33. The BSSR State Committee on Problems of the Aftereffects of the Chernobyl AES Disaster and the BSSR Ministry of Finance, together with oblast ispolkoms, are to prepare proposals for submission to the USSR Cabinet of Ministers within a 10-day period on changes in the amounts of allowances, owing to the retail price increases, for people residing in regions of radioactive contamination.

34. The BSSR Ministry of Finance is to submit proposals to the BSSR Council of Ministers to more precisely define the BSSR Supreme Soviet decree: "On the Procedure for Applying the Law of the USSR: 'On Taxes From

Enterprises, Associations, and Organizations' in the territory of the BSSR in 1991," as well as the incomes and expenditures of republic and local budgets in 1991 resulting from the retail price increases and compensatory measures for social protection of the public in the amounts set forth in this decree.

35. Employees of banking institutions, communications enterprises and social security organs directly engaged in calculating and issuing the funds for compensation in connection with the retail price reforms are to be paid for working over normal work time and on holidays in conformity with Articles 88 and 89 of the Labor Code of the Belorussian SSR.

36. The BSSR Gosekonomplan, the BSSR State Committee for Labor and Social Protection of the Public, and the BSSR Ministry of Finance are to provide instructions and interpretations in the application of this decree in the cases needed.

37. The BSSR State Committee for Statistics and Analysis and the BSSR Ministry of Finance, together with the BSSR Gosekonomplan and with the involvement of the National Bank of the BSSR and other entities concerned, are to work out a system for accounting and organizing data acquisition on the change in receipts for goods and services in connection with the increase in retail prices, budget incomes, and compensation payments to the public.

Enterprises and institutions, regardless of their departmental subordination and the forms of ownership, are obligated to provide the information needed in addition to the established forms of statistical accountability.

38. The BSSR Ministry of Justice, together with the BSSR Gosekonomplan, the BSSR State Committee for Labor and Social Protection of the Public, the BSSR Ministry of Finance, the BSSR Ministry of Social Security, and other ministries and departments in the BSSR, is to submit proposals to the BSSR Council of Ministers within a three-month period for introducing changes in the legislative and other normative documents of the Belorussian SSR ensuing from this decree, including in the Law of the BSSR: "On Temporary Measures To Protect the Consumer Market in the Belorussian SSR."

39. It is to be taken into consideration and for guidance that the USSR Cabinet of Ministers, by Decree No. 105 of 19 March 1991:

39.1—has established that nonfood consumer goods whose current retail prices (less commercial discounts) are lower than the new wholesale prices are to be sold by manufacturing enterprises to trading organizations (enterprises) and other consumers at wholesale prices (except for commodities in the products list subsidized in accordance with decisions by the governments of the USSR and republics), and sold to the public at wholesale prices with commercial markups of up to 20 percent;

39.2—has instructed the USSR Ministry of Railways and the USSR Ministry of the Maritime Fleet to mark up the prices for products and goods sold in dining cars and buffet compartments and public dining enterprises on vessels;

39.3 has considered it necessary:

39.3.1 to increase salaries beginning on 1 May 1991:

—by R80 per month for officers, warrant officers, midshipmen, and servicemen in extended military service and by R60 per month for the rank and file and command personnel of internal affairs organs; and

—by R20 per month for servicemen in compulsory service, Suvorov Military School and Nakhimov Naval School students, and music students, and by R60 per month for students in military educational institutions who are not officers.

These persons are to be paid monetary compensation in the amounts indicated beginning on the day that state retail prices are increased for the period up to 1 May 1991.

Military construction personnel are to be compensated at the rate of R60 per month;

39.3.2—to increase expenditures for food, equipment, medical, and other forms of material support for servicemen, military construction personnel, rank and file and command personnel, workers and employees, and pensioners of the USSR Ministry of Defense, the USSR Ministry of Internal Affairs, and the USSR Committee for State Security, railroad troops and the Military Reconstruction Administration of the USSR Ministry of Communications in amounts to compensate for the higher prices for these types of material support;

39.3.3—to introduce compensatory payments for the nonworking wives of servicemen and rank and file and command personnel of internal affairs organs in remote garrisons and localities where there are no opportunities for their job placement (the procedure and conditions for stationing military units, institutions, and internal affairs organs in remote garrisons and localities are established by the USSR Ministry of Defense, the USSR Ministry of Internal Affairs, and the USSR Committee for State Security in coordination with the USSR State Committee for Labor and Social Problems and the USSR Ministry of Finance).

Compensation payments to the nonworking wives of the individuals mentioned are to be made in the amount of R60 per month at the husband's place of service;

39.3.4—to make compensation payments to workers and employees and working and nonworking pensioners of the USSR Ministry of Defense, the USSR Ministry of Internal Affairs, and the USSR Committee for State Security in the procedure and under the conditions set forth for employees in the national economy and pensioners.

39.3.5—to provide an increase in the monetary allowance for servicemen, as well as rank and file and command personnel, in the wages for workers and employees, in the pensions for nonworking pensioners of the USSR Ministry of Defense, the USSR Ministry of Internal Affairs, the USSR Committee for State Security, railroad troops and the Military Reconstruction Administration of the USSR Ministry of Communications, and in payments of allowances for families in these categories with children in the amounts specified by the decree cited, taking into account the decisions on these matters made by republic government organs.

The USSR Ministry of Finance, together with the ministries and the committee indicated, have been instructed to specify the procedure, amount, and conditions for payment of the compensations;

39.4 Based on the fact that compensation payments owing to the price increases should not be immobilized by the system for taxing citizens' incomes and enterprises' profits, the USSR Ministry of Finance and the USSR Ministry of Justice have been instructed to prepare proposals for changes to be made in the Law of the USSR: "On the Income Tax Imposed on Citizens of the USSR Foreign Citizens, and Persons Without Citizenship," in the Law of the USSR: "On Taxes Imposed on Enterprises, Associations, and Organizations," and the USSR Supreme Soviet decree: "On the Procedure for Introducing the Law of the USSR: 'On Taxes Imposed on Enterprises, Associations, and Organizations,'" bearing in mind that the citizens' monthly wages and other incomes which are not subject to taxation are to be increased to R160 and the tax rates on citizens' incomes above R160 per month are to be reduced; in the process, a progressive scale of taxes above 13 percent is to be applied for incomes higher than R1,000 per month, instead of the R700 imposed previously.

It is considered necessary to reduce the tax rates on enterprises' and organizations' profit to 35 percent, as well as to increase the maximum level of wages earned by workers employed in the principal activity of enterprises, in relation to production cost, to R480.

39.5 A single union-republic finance fund for social support of the public has been formed with funds obtained from the retail price increases in order to ensure that the minimum compensation payments that have been established are paid to the people in all republics, as well as to servicemen and other citizens who receive incomes from union budget funds.

The USSR Ministry of Finance, the USSR Gosplan, the USSR State Committee on Prices, and the USSR State Committee for Labor and Social Problems, together with republic governments, have been instructed to submit proposals within a two-week period on the measures and procedure for forming and utilizing the assets of the fund cited.

In connection with increases in all types of pensions and allowances, the USSR Ministry of Finance, together with

the Pension Fund of the USSR and the Social Insurance Fund of the USSR, has been instructed to establish the procedure for reimbursing these funds for the additional expenditures to pay the compensations; and

39.6 It has been taken into account that the USSR Gosbank and the USSR Savings Bank, in coordination with the USSR Cabinet of Ministers, will be implementing compensation measures in accordance with the status of losses incurred by those holding deposits and certificates as of 1 March 1991, and the USSR Ministry of Finance will be implementing measures with respect to those among the public holding state securities, owing to the one-time increase in retail prices.

[Signed] V. Kebich, chairman of the Belorussian SSR Council of Ministers; and N. Kavko, administrator of affairs of the Belorussian SSR Council of Ministers.

Supplement 1

To BSSR Council of Ministers Decree No. 100 of 22 March 1991

Measures To Increase State Retail Prices for Basic Consumer Goods

Average Percent of Increase	Authorized by Decree No. 105 of the USSR Cabinet of Ministers of 19 March 1991
200	Meat and meat products
130	Milk and dairy products
100	Eggs and egg products
200	Bread, flour, cereals, macaroni products
135	Sugar
100	Tea
130	Fish products
240	Salt
100	Vegetable oil, margarine products and mayonnaise, laundry and toilet soap
200	Food concentrates, including baby food
50	Individual domestic tobacco products
135	Linen, popular types of fabrics, clothing, and footwear
195	Children's goods
75	Cultural, general, and household commodities
Average Percent of Increase	Authorized by the BSSR Council of Ministers
200	Bread and bakery products of the national variety
200	By-products and waste products from flour milling and cereals production
170	Mixed fodder

Cooked meat products (semismoked, boiled, sausages, small sausages, meatloaf, meat pates, uncooked sausages, salted pork fat products, pork and beef prepared foods, sausage stuffing, and meat dumplings)	200
Vegetable oil (except sunflower oil)	100
Soft, processed, sausage, and dietetic cheeses, sour cream products, cottage cheese	130
Toothpaste	100
Tooth powder	300
Headgear (except natural fur headgear)	130
Leather haberdashery items for children	100
Children's felt boots	200
Cement	100
Window glass	200
Asbestos cement sheets	150
Brick and ceramic tile	120
Brick and silicate rock	50

[Signed] N. Kavko, administrator of affairs, Belorussian SSR Council of Ministers

Supplement 2

To BSSR Council of Ministers Decree No. 100 of 22 March 1991

Measures To Increase State Rates for Passenger Service by Motor Vehicle, Electric, River, and Metro Transportation and for Hotel Services

Average Percent of Increase	
200	Passenger transportation rates
200	municipal service (bus, trolleybus, streetcar)
100*	out-of-town bus service (suburban, interurban)
100	taxi service, including municipal fixed-route service
100**	river transportation
200	metro
140	Rates for group transportation service provided to the public
130	Prices for hotel services

* The rates for service between republics are set by the BSSR Ministry of Transport in coordination with transport management organs in the republics concerned.

** The specific rates are set by the BSSR Ministry of Transport in coordination with the BSSR Gosekonomplam.

[Signed] N. Kavko, administrator of affairs, Belorussian SSR Council of Ministers

Supplement 3

To BSSR Council of Ministers Decree No. 100 of 22 March 1991

Measures To Increase State Rates for Passenger Service by Rail, Air, and Maritime Transportation and Communications Services

Authorized by Decree No. 105 of the USSR Cabinet of Ministers of 19 March 1991	Average Percent of Increase*
EXTRACT	
Rates for passenger service	
—rail transportation	70
—air transportation	80
—maritime transportation	140
Authorized by the BSSR Council of Ministers	Average Percent of Increase
Installation of apartment telephones	200
Municipal and rural telephone services for the public (except telephone installation)	100
Public communications services (in accordance with the republic listing)	20

*The specific rates are set in coordination with the USSR Goskomtsen in compliance with the USSR Ministry of Railways, USSR Ministry of Civil Aviation, USSR Ministry of the Maritime Fleet, and USSR Ministry of Communications.

[Signed] N. Kavko, administrator of affairs, Belorussian SSR Council of Ministers

Supplement 4

To BSSR Council of Ministers Decree No. 100 of 22 March 1991

List of Consumer Goods Being Sold to the Public at Regulated Retail Prices (authorized by USSR Cabinet of Ministers Decree No. 105 of 19 March 1991)

EXTRACT

Products of the Light Industry

Popular new fabrics and knitwear, as well as high-quality items for children

Collars for adults made of sheepskin, rabbit, karakul, and other types of fur (except valuable types)

Rabbit and sheepskin headgear for adults

Cultural, General, and Household Commodities

Passenger cars

Lumber and building materials

School notebooks and writing materials for children

Bicycles for teenagers and children

Baby carriages

Matches

Washing machines with a manual wringer

Refrigerators up to 250 liters in capacity

Radio receivers and sound recording and reproduction equipment in groups of three or four

Black-and-white television sets

Second- and third-generation color television sets

Straight-stitching sewing machines

Synthetic detergents

Gas and electric stoves

Film viewing devices, film strips, and other motion picture and photography items for children

Phonograph records for children

Current sources (power supply elements)

Books and book products

Furniture (individual pieces of furniture—tables, chairs, sofas, beds, and other items which are not part of sets and suites)

Enamel and aluminum utensils

Knitting devices

Standard buildings and garden houses and complete sets of parts

Agricultural minitractors, motorized units and motorized cultivators

Household tools

Wine, including champagne

Common brandies

Liqueur and vodka products

Beer

Caramel

Tropical fruits, citrus fruits, and products processed from them

List of Consumer Goods Being Sold to the Public at Regulated Retail Prices (authorized by the BSSR Council of Ministers)

Products of the Light Industry

Work clothing sold to market customers

Athletic supports

Children's gloves, mittens, caps, and mufflers knitted by hand with needles and on the "Meda," "Neva," and other machines

Children's outer clothing knitted by hand with needles and on the "Meda," "Neva," and other machines

Cultural, General, and Household Commodities

Children's wooden sports racing skis, aluminum ski poles, skates

Wallpaper produced by the high-press method (plain)

Customer loudspeakers and three-program receivers

Cutlery and flatware made of aluminum alloys

Children's metal beds

Plastic toys

Metal kitchenware made of sheet aluminum (etched, polished, brushed, burnished), undecorated and zinc-coated steel enamelware

Electric hot plates, electric teapots, electric hot water heaters, the simplest electric bells, electric heating pads, electric irons, and electric installation items

Tableware of colorless smooth blown glass in groups of one to three and molded

Grouped china (except for tableware decorated with gold)

Ink and India ink

Toothbrushes, school art brushes

Mattress covers

Plastic pails and basins

Building materials: reinforced concrete and concrete items, mortar and premixed concrete, heat and sound insulation materials (rock wool and products made of it), lime, and agloporit [presumably: type of sinter]

Nonmetal natural materials (crushed rock, sand, gravel, quarrystone, and sand and gravel mixture)

Construction components and wooden structures: windows, fixed frames, doors, door leaves, shaping parts (casings, baseboards, planks and beams for floors, trim), boards for window sills, elements and parts of built-in cabinets and mezzanines, and decorative panels (screening elements)

Diagram manuals and drafting and sketching units, common notebooks and sketching notebooks, school journals, napkins and other items for public health use

Food Products

Fancy bakery products up to 500 grams in weight

Fruit and berry wine

Sugar-coated confections, chocolate candy with praline and pomadka fillings, candy with fatty icing, pastries and cakes of popular types, wafers, fruit cakes and dietetic confectionery

Coffee beverages

Food concentrates (first and second dinner courses)

Ice cream

[Signed] N. Kavko, administrator of affairs, Belorussian SSR Council of Ministers

Supplement 5

To BSSR Council of Ministers Decree No. 100 of 22 March 1991

Domestic and Imported Commodities Added to the List of Consumer Goods Being Sold to the Public at Contract (Free) Prices

Authorized by USSR Cabinet of Ministers Decree No. 105 of 19 March 1991

EXTRACT

Products of the Light Industry

Linen fabrics and items made of them, as well as tablecloths, bedspreads, and other items sold by the piece (except for industrial engineering use)

Fabrics of natural silk and combined with other fibers and items made from them, silk furniture fabrics, bedspreads, pillowcases, tablecloths, curtains, and velvet (except items for industrial engineering use)

Fabrics of pure wool (except special-purpose fabrics) and items made of them, furniture fabrics, blankets of camel and angora wool, rugs, bedspreads, pillowcovers, tablecloths, and curtains

Fabrics of cotton jacquard and crepe weaves for clothing, marquisette, voile, cambric, muslin, and jeans fabrics weighing over 400 grams per square meter, velvet, and items made from them, as well as fabrics for furniture, bedspreads, pillowcases, tablecloths, and curtains

Popular new items made of cotton, part wool, and chemical fibers

Nonwoven shaggy and thread-sewn towel fabrics, dress and blouse fabrics, and decorative fabrics

Curtain fabrics, except those of the simplest texture

Cotton knitting and embroidery thread, sewing thread of natural silk

Leather footwear for adults: fashionable footwear and athletic shoes for sports and relaxation

Polymer footwear for adults: athletic shoes for sports and relaxation

Knitwear for adults made of pure wool yarn Nos. 45 and 52 and from imported fashioned yarn and goat down

Carpets and carpet items

Leather haberdashery items of natural and artificial leather (except special-purpose items and children's articles)

Textile haberdashery items (except special-purpose items)

Collars for adults made of valuable types of natural fur

Imported high-quality sewn and knitted articles, footwear, and leather haberdashery items for adults

Twine and rope

Fabrics and articles made with methanite [metanit]

Clothing made of natural leather produced domestically

Cultural, General, and Household Commodities

Clocks

Personal computers and microcalculators

Refrigerators over 250 liters in capacity, refrigerators with two or three compartments, freezers

Semiautomatic and automatic washing machines

Semiautomatic and automatic "Zig-Zag" sewing machines and knitting machines

Vacuum cleaners, floor polishers, and other electric household appliances

Electric meters and radio instruments

Ballpoint and fountain pens

Phonograph records (except children's records)

Telephone equipment

Photographic and movie equipment (except items for children)

Water heating devices and equipment

Household products made of wood and metal

Paper products (except school writing items and articles for children)

Mirrors

Stainless steel kitchenware

Garden implements

Hardware, locks

Household chemical products

Musical commodities

Radio receiving, sound recording and sound reproduction equipment of the second group (radio receivers, radio-record player consoles, and other items)

Motorized bicycles and motor vehicle accessories (except articles for children)

Construction machinery for individual use

Handicraft and art items, souvenirs, badges

Fancy metal jewelry, manicure sets, toiletry bags and other personal items

Plumbing equipment

Spare parts for electric and radio equipment and other complicated technical commodities for cultural, general, and household use

Food Items

Raw smoked sausage products

Fancy bakery products and rolls, rusk, crunchy loaves, biscuit sticks, rozhki and rogaliki [presumably: horn-shaped pastries]

Self-rising and thick pancake flour

Confectionery goods (except caramel)

Nonalcoholic beverages and mineral water

Rabbit meat

Live fish

Cereals of improved nourishment

Starch

Tea with vegetable additives

Imported tobacco products

Authorized by the BSSR Council of Ministers

Products of Light Industry

Curtain items by the piece

Felt footwear for adults

Knitwear for adults made by hand or on the "Meda," "Neva," or other machines

Handmade carpets and carpet items, carpets without a nap and part-wool continuous carpets with a nap

Harness and saddle items

Feather and down products

Decorative fabric items by the piece and decorative fabrics

Dining room oilcloth

Cultural, General, and Household Items

Sporting goods (except wooden sports skis and children's skis), ski poles (except aluminum poles)

Wallpaper (except smooth wallpaper processed by pressing)

Cutlery and stainless steel flatware

Radio equipment (except speakers)

Metal beds (except children's beds)

Kitchen utensils made of metal (except sheet aluminum, undecorated and zinc-coated steel enamel)

Electric lighting fixtures for household use and glass accessories for them

Glass items (except kitchenware of uncolored smooth blown glass in sets of one to three and molded)

China and ceramic kitchenware (except china in sets without gold)

Office items (air brushes, desk glass, and other articles)

Bristle and brush products (except toothbrushes, art brushes for schools)

Fittings and sets for kitchens, halls, pier glasses, three-leaved mirrors, cane furniture, individual pieces of wood furniture

Plastic items (except pails and basins)

Toys (except plastic toys)

Spare parts for motorcycles

Accessories for motor vehicles, motorcycles, motor scooters, bicycles, and other means of transportation

Furniture fittings

Varnishes and paints in wide use

Camp stoves, steps for parts of horse-drawn vehicles, small wooden planks for floors

Complete sets of parts and items for household units, panel forms, fiberboard, guardrails, fillets

Rolled roofing materials, linoleum, floor sheeting, asbestos cement pipe, binding plaster and plaster products, dry mixes for mortar, ceramic construction products, natural stone products, tennsite [tennisit], double-layer facing brick and ceramic facade items, brick waste products, drain tile, glass facing tiles, and polystyrene heat insulation materials (except rock wool and products made with it), pavement tiles, household grating, ornamental glass, and glass blocks

Food Products

Dry-cured and boiled and smoked sausage products. Smoked foods made of pork (pastroma [possibly: pastrami], fillets in casings, Darnitskiy balyk, Minsk neck and ham neck, pork fillets, delicatessen cutlets, Belorussian-style shinka, cold boiled pork, carbonate [sic]); foods made with beef (beef cutlets, beef balyk); and baked and smoked and boiled and smoked poultry products (chicken cutlets, young chicken, goose, turkey, duck), horsemeat, wild game, and products using them

Confectionery items (except caramel, sugar-coated nuts, chocolate candy with praline and pomadka fillings, candy with fatty icing, pastries and spice cakes of popular types, wafers, and dietetic confectionery goods)

Glazed cheese curds, cottage cheese cakes, pastes, creams, souffles, puddings, desserts, and other products of this kind

Fish cookery

Perfumes and cosmetics (except toilet and laundry soap, tooth powder, toothpaste)

Spices, seasonings, gelatin, vinegar

Potato products

Sweet dishes (kissel, jelly, creams, and so forth)

Kvass, syrups, and dried beverages.

[Signed] N. Kavko, administrator of affairs, Belorussian SSR Council of Ministers.

Lithuanian Economics Minister Cited on New Prices

PM0804152591 Vilnius ECHO LITVY in Russian
23 Mar 91 p 1

[Interview with Lithuanian Economics Minister V. Navickas by ELTA correspondent I. Bagdanskis: "New Prices: In Lithuania and Its Neighbors"]

[Text] Since the Soviet Union's decision to raise prices of food products from 2 April, Lithuania, which is bound up with the Union's economy, has also been obliged to take appropriate measures. In our republic new prices for these products will be introduced 26 March. This, when we have already been receiving compensation a whole month prior to their increase, is no surprise. However, people's concern over the new prices is not disappearing. It is said that in Latvia, Russia, or other places in the Soviet Union state prices policy will be geared more toward people's protection than is the case in Lithuania. Finally, what is the difference between the price rise here at the start of January and now?

We put these questions to Lithuanian Republic Economics Minister Vitas Navickas.

[Navickas] If we are talking about the 7 January resolution raising prices of food products and the current one, we can see that there are substantial differences. Then it was done without prior preparation for the payment of compensation to consumers and without the state covering the increased prices for the production of agricultural output. Now this has been done. And the compensation this time is almost double.

On the other hand, while the population is being paid greater compensation, foodstuff prices are being increased considerably less than at the beginning of January. For example, a kilo of good-quality pork then cost 7.6 rubles [R]; now it will be R2 cheaper. The cost of a kilo of quality sausage then cost R12.9, now we will pay R8.3 for it. Compared with the price fixed last time, various grades of cottage cheese will now cost almost half as much. We will pay not R1.72 per kilo of black bread but around R1.

In neighboring Latvia, where food prices were increased at the start of the year and where quite a lot of our meat, dairy, and other products consequently went, some things are expensive now. For example, you have to pay R12.3 per kilo of quality sausage and R4.7 per kilo of cottage cheese. While compensation there is less than in Lithuania.

To those who think that maybe the situation will be better in the Soviet Union, where it is intended to increase food prices from 2 April, you could say that matters are far worse there: it is intended to triple the prices of meat, meat products, and bread too and increase the price of dairy products by 2.3 times. Being aware that prices there are already higher than in Lithuania, you should not, to put it mildly, regard it as having a better standard of living—particularly as the monthly per capita compensation will be only R60. It may not be the subject of our discussion to forecast how people will live there under the new prices. However, it may be supposed that many cities in that neighboring country and in individual regions will experience a shortage of foodstuffs, as they do now, even when they become more expensive. Of course, they are not in abundance in Lithuania. But we will, I hope, have at least the required minimum.

Lithuanian Government Discusses Budget, Prices

PM1004120991 Vilnius ECHO LITVY in Russian
22 Mar 91 p 1

[ELTA report: "In the Lithuanian Government"]

[Text] Vilnius, 20 Mar—The agenda of today's sitting of the Lithuanian Republic's Government, which was chaired by Premier Gediminas Vagnorius, was geared to questions of the republican budget's structure and the regulation of purchases of agricultural produce and foodstuff prices.

The suggested normatives and subsidies in the Lithuanian Republic's state budget for 1991 and the budget

contributions to self-governing entities were presented to the government by Finance Minister Elvira Kunyavichene. Having discussed this question, the government approved the draft. It will be proposed that the Supreme Soviet ratify the Lithuanian State's budget, whose revenues and expenditures will total 5,712,470,000 rubles [R], and lay down that 55 percent of revenues from personal taxation be appropriated for the budgets of self-governing entities. Budget subsidies to self-governing entities would amount to R768,978,000.

In its desire to boost the interest the producers of agricultural produce in selling more horticultural and stock breeding produce to the state, the government decided to significantly raise purchase prices for this year's grain harvest, sugar beet, flax stock and straw, potatoes, cattle, hogs, domestic poultry, and milk. They will be finally set and published in the very near future.

Taking into account the increased costs of material and technical resources purchased in the USSR and the higher purchase prices for agricultural produce, and striving to protect the market, the government resolved to increase retail prices for foodstuffs by a factor of 2.8 on average as of 26 March 1991. Enterprises and organizations have been instructed to take measures to reduce the cost of catering for workers at their canteens and cafeterias by using their own funds. Trade discounts in them should not exceed 10 percent.

The sitting also discussed other questions.

Draft Budget Discussed by Lithuanian Supsov Panels

PM1004120991 Vilnius ECHO LITVY in Russian
29 Mar 91 p 1

[ELTA report: "In the Supreme Soviet Permanent Commissions"]

[Text] Numerous important problems were examined over the last few days at sittings of the Supreme Soviet's permanent commissions. For example, a sitting of the Commission on the Economy, attended by representatives of the government apparatus, the Ministries of Finance and of Economics, and the Institute of Economics, discussed the draft Law on the Lithuanian Republic's 1991 Budget. The commission decided against approving some of the revenues planned in the draft. For example, the planned revenues from the 14-percent supplementary tax on raw materials and commodities imported by private enterprises and individuals; and a proportion of the revenues from interest charges for the use of state property. The draft's planned expenditure on the upkeep of organs of state power and management and on financing targeted state programs were not approved, either. The commission approved the planned expenditure on capital construction and suggested that funds be sought to boost capital investments in land reclamation by 100 million rubles.

The draft Law on the Lithuanian Republic's Budget was also discussed in the Commission on the Legal System and at joint sittings of the Commission on Citizens' Rights and Nationalities' Affairs and the Commission on Restoration of the State. They, for example, drew attention to the unjustified increase of costs to finance the management apparatus and ministries, and suggested some amendments to the central apparatus' wages fund.

A sitting of the Commission on the Legal System discussed the second draft of the Lithuanian Republic's Law "On the Procedure for Return of Real Estate." Vice Premier Vytautas Pakalniskis, who attended the sitting, outlined the government's attitude toward this draft, and the commission gave its backing to the remark about the need for more precise definitions of terms used in the draft. The question of additions to the Law on Citizens' Documents was discussed.

Members of the Commission on Citizens' Rights and Nationalities' Affairs met Vladimir Grazhul, chief of the Ministry of Social Protection Immigration Department. It discussed the question of the status of persons seeking political asylum in the Lithuanian Republic. This commission's sitting also discussed the question of defining the term "member of the resistance."

The commission members, taking into account the situation prevailing in Lithuania following the price rises and appraising the avenues for changes therein in the event of abolition of coupons for the acquisition of foodstuffs and other goods, decided to recommend the urgent introduction of a coupon system for Lithuania's residents.

Lithuania's Vagnorius, Local Leaders Discuss Food Problems

PM1204151091 Vilnius EKHO LITVY in Russian
4 Apr 91 p 1

[ELTA report: "Conversation with Rayon and City Leaders"]

[Text] The republic's leadership together with rayon and city leaders are looking for a way in this complex economic situation to stabilize the situation in agriculture, industry, and other sectors. This was the topic of discussion at a meeting which took place between Prime Minister Gediminas Vagnorius, his deputy Vytautas Pakalniskis, and other members of the government, and rayon and city soviet chairmen, managers, and mayors

One of the most complex and burning issues, the prime minister pointed out, is the supply of food products to the population: even after the rise in retail prices, the counters remain half empty. Although the government significantly increased the purchase prices on livestock products, and it is selling farms a lot of feed grain, many farms are not meeting their state orders for this produce—it is in short supply in the stores and there is almost nothing to sell to the other republics, which in

accordance with treaties supply Lithuania with metal, timber, fuel, and other material resources.

It was noted at the meeting that it is also not possible to tolerate the activities of several farms' leaders, who try to acquire various essential goods in exchange for meat and other products, without taking into consideration whether such an exchange is equivalent. This is sometimes not done in the interests of the farmers' collective, but for personal reasons.

There was also an exchange of opinions at the conference on how best to resolve questions of financing building and supplying building materials, organizing trade, privatization, social provision for the population, and other matters.

Kyrgyzstan to Modify Price Hikes

LD0804191191 Moscow All-union Radio Mayak Network in Russian 1500 GMT 8 Apr 91

[Text] News from the capital of Kyrgyzstan: a decree of the president of the republic was published today on supplementary social guarantees and compensation to the population in connection with the reform of retail prices.

This is aimed first and foremost at supporting poor and large families, and students. From 15 April, the retail prices in force before the rises will be established for flour. The 50-percent sales tax on meat and milk and products made from them, and on bread, groats and children's food will be abolished. The previous prices are being maintained in school and student canteens. This is particularly important for a republic where the birth rate is one of the highest in the country.

Riga on Price Increases, Compensation in Latvia

LD0304091291 Riga Radio Riga International in Latvian 0430 GMT 3 Apr 91

[Text] Beginning today [as heard], 2 April, the prices of food and other consumer goods are being considerably increased in the Soviet Union. In connection with this, prices in Latvia are being set at the same level as those of the Soviet Union.

However, as an increase in prices in Latvia has already taken place, the necessity of increasing the prices of several types of products does not apply. Prices that will increase, and considerably at that, will be the price of sugar, 2.3 times; oil and margarine, two times; and fish, two times.

For the time being, the prices of bread, meat, and milk are not being increased. The Government of Latvia is already planning a review of these in the very near future.

Concerning price increases to which payment of compensations of the Republic of Latvia does not apply, the mechanism of indexation will be used. Furthermore, the

Government of Latvia has laid down additional compensation to the extent of nine rubles. It has also decided to pay compensation to families with children in connection with the increase of prices of children's goods. For children up to eight years of age, 20 rubles will be paid, and for children aged eight to 15, 25 rubles a month will be paid.

Chairman of Latvian Supsov Budget Committee on 1991 Budget

914 10589.1 Riga LATVIJAS JAUNATNE in Latvian
16-17, 24-27 Feb 91 p 2

[First two installments of article by Chairman of the Latvian Republic Supreme Soviet Budget Committee Valentina Zeile: "State Budget of Latvian Republic for 1991"]

[16-17 Feb, p 2]

[Text]

Peculiarities of the State Budget for 1991

On 22 December 1990, the Supreme Soviet passed the "Law on the 1991 State Budget of the Republic of Latvia"—the first independent state budget in 50 years.

This is a transition-period budget that was created and will be implemented under extremely difficult political and economic conditions. The restoration of the national independence of the Republic of Latvia coincides with a general crisis in the Soviet Union. In the economy, the crisis is evident from the catastrophic drop in buying power of the ruble and the economically poorly justified withdrawal of 50- and 100-ruble notes from circulation; the collapse of the monetary and credit systems; and the growth of the foreign debt to the point where experts are forced to admit that the USSR is losing its economic independence. At this time, Latvia is tightly shackled to the financial, monetary, credit, and hard-currency systems of the USSR, and extricating ourselves from this will be difficult.

Under such conditions, how did the government of the Republic of Latvia fashion our budget?

First, by introducing an independent tax system and by creating its own tax legislation. An independent tax system is one of the most essential economic characteristics of an independent state. This is why the USSR Council of Ministers and the USSR Ministry of Finance have continually been categorically opposing such independence and persistently warning that the creation of legislation for an independent tax system is solely the prerogative of the USSR. The independent Republic tax system will still have to be bitterly defended both against the central bureaucracies of the USSR and against internal supporters of the center.

Second, with its policy of increasing the price of raw materials and strictly regulating the price of finished products, the center is undermining efforts by the

Republic of Latvia to make independent pricing the basis for profitable independent activity in all stages of the economy. As a result, the USSR budget deficit gets transferred to the shoulders of the union republics, especially the ones that produce finished products. According to estimates, in this way, 1.8 billion rubles were to be withdrawn from the Republic of Latvia.

The efforts of economic organizations to create horizontal links with their partners by introducing contract prices into their accounts, are often blocked by USSR banks, which return those payment documents that allude to such contract prices.

Third, in 1991, Latvia will still be very dependent upon the USSR's issuance of currency and credit resources. We do not have our own money yet, nor enough credit resources. These will have to be bought from USSR banks at high interest. Thus, at this time the USSR has extremely effective economic weapons at its disposal that it may employ at any opportune moment.

It should be mentioned that the inhabitants of Latvia have deposits of around 3.5 billion rubles in the USSR Savings Bank, the timely receipt of which the government of Latvia is unfortunately unable to guarantee. This was demonstrated by the latest campaign to remove currency and by the terms for receipt of deposits from savings banks, which were dictated by the USSR State Bank. The operation of savings banks (the deposit and withdrawal of money) is tied to cash, which is allotted for this purpose by the USSR State Bank to bolster them when withdrawal of deposits exceeds receipts. This is why we look upon the beautiful emblem of the Savings Bank of Latvia with some bitterness, for it creates the impression of the formation of an independent savings bank system within the Republic. We will have to wait at least another one or two years for the introduction of an independent monetary system.

Thus, along with creating an independent budget, we will have to move much more quickly toward an independent and reorganized banking system, an independent credit system, and national money.

Without a doubt, all of these unresolved matters will complicate securing the implementation of the 1991 budget.

Fourth, despite the complicated financial situation, the 1991 national budget for Latvia does not have any deficit. Why was such an option adopted? After all, this eases the USSR budget deficit, and with a balanced budget we place our economy, as well as our population, in a more difficult situation, for right alongside are republics that do have budget deficits.

There were several motives behind this strategy:

- 1) Political: In preparation for negotiations with the USSR, it is important that the Republic budget not have any deficit.

2) Economic: Should a budget deficit be planned for, it must be covered by certain resources. Usually, the USSR covers its budget deficit with the additional release of money into circulation. With regard to the issuance of money, we are at this time completely at the mercy of Moscow. However much the USSR State Bank wants to give at a particular moment, that is how much it will give. If it does not want to give us any, it will drag things out, and will make us mobilize internal cash resources. However, in the Republic there has long been too little money for covering goods to circulate normally.

Internal bonds could be issued, but in the current situation, to do so would be risky. Such a loan in rubles would not be popular. All too often in the past, the maturity of loans has been delayed, etc. We would be attempting to patch up the holes of a collapsing system, and would pay dearly for this in the future, being unable even to provide a reasonable explanation as to what those 100,000 rubles were used for.

Budgetary Revenues

The revenues section of the state budget of the Republic amounts to 2.9 billion rubles and consists of the following taxes:

	Rubles in Thousands	Percentage of Revenues
1. Turnover Tax	1,111,456	38.3
2. Excise Tax	715,500	24.7
3. Profits Tax	411,608	14.2
4. Property Tax	66,682	2.2
5. Land Tax	22,265	0.7
6. Income From the Licensing of Environmental and Natural Resources	16,300	0.6
7. Personal Income Tax	241,081	8.3
8. Road Tax	211,000	7.3
9. Tree Felling Charges [literally, "Stump Money"]	52,083	1.8
10. Duties and Various Non-Tax Revenues	52,874	1.9
Total Revenue	2,900,849	100

Thus, the most important sources of revenue for the state budget of the Republic will be the turnover tax (38.3 percent of all revenues), excise tax (24.7 percent), profits tax (14.2 percent), personal income tax (8.3 percent), and the road tax (7.3 percent). These five taxes constitute 92.8 percent of the total income.

The revenues section of the budget does not include other sources of revenue—transit operations conducted by the railroad, sea ports, and air transport—because such income to the budget of the Republic is not assured.

A huge source of revenue for Latvia could be its geographic situation. Unfortunately, at this time, revenues from transit operations (including hard currency) still do not go to the Republic budget. This matter must be resolved this year by both the government and the Supreme Soviet.

A very complicated matter is the question of the Republic's economic relationship with the Soviet military in Latvia. The presence of the Soviet military in Latvia undeniably causes great losses to its economy, first and foremost because a significant amount of territory suitable for use in the national economy gets excluded from the economy. Second are the losses to the people of our republic caused by the ecological offences of the military, which are very difficult to quantify in terms of money.

Finally, there are hundreds of institutions and organizations of so-called union subordination (branches of scientific research institutes, design bureaus, and administrative organs) in the Republic—especially in Riga—that are financed from the union budget. They do not operate in the interest of the Republic, yet enjoy all the services of the social infrastructure. We must think seriously about the relationship of institutions of this kind to the state budget of the Republic of Latvia, and we must begin working in this direction right away.

[24-27 Feb, p 2]

[Text] **Budget outlays do not exceed revenues—they amount to 2.9 billion rubles and are divided as follows:**

	Rubles in Millions	Percentage of Income
1. Finance of the National Economy	846.6	28
2. Finance of Social and Cultural Facilities	1078.3	37.1
3. Finance of Science	72.4	2.5
4. Finance of Governmental, Judicial, and Administrative Institutions	223.8	7.7
5. Remaining Outlays	712.7	24.7
Total	2933.8	100

Budgetary resources are allocated to the agencies handling them—ministries, committees, departments, and administrations—which further apportion them for the finance of their subordinate enterprises and institutions.

This year, 1991.2 million rubles, or 68.5 percent of all state budgetary resources of the Republic, were allocated to the Republic's 19 ministries. Upkeep of the ministerial administrative apparatus itself costs 190.94 million rubles, or 6.6 percent of all budgetary outlays. The

greatest amount of financial resources go to: The Ministry of Agriculture—430.3 million rubles, or 14.8 percent of all budgetary outlays; the Ministry of Social Welfare—414.6 million rubles (14.2 percent); the Ministry of Health Services—254.8 million rubles (8.8 percent); the Ministry of People's Education—214 million rubles (7.3 percent); the Ministry of Transportation—212.3 million rubles (7.3 percent); the Ministry of Forestry—52 million rubles (1.8 percent); the Ministry of Architecture and Construction—52 million rubles (1.8 percent); and the Ministry of Energy—39.5 million rubles (1.4 percent).

The complicated economic situation in the Republic notwithstanding, 379.1 million rubles, or 13 percent of all outlays, go toward capital investment for the finance of construction in 1991.

The reserve fund of the Council of Ministers is 45 million rubles. The national reserve fund is 51.8 million rubles, of which 50 million rubles are for grain and 1.82 million rubles for capital investment. Reserve funds constitute 3.3 percent of budgetary outlays.

The state budget of the Republic envisages grants and program subsidies to rayon and city budgets—517.6 million rubles, or 17.7 percent of all budgetary outlays. These outlays help balance rayon and city budgets if their revenues do not cover vitally important outlays within the territory.

In analyzing this, it would be useful to compare this year's outlays with the budgetary outlays of the previous period, both in terms of total expenditure and in terms of their proportions within combined budgetary outlays. However, for two reasons I believe that in this instance, such a comparison is unfounded. First, the effect of prices on all expenditures, and the effect of social taxes (37 percent) on the wage fund, are very substantial. Second, new administrative organizations have been created toward the restoration of the Latvian state and its structure, or else the previous ones have been strengthened.

Therefore, in the next installment we will look at what the important objectives are that resources have been planned for in the chief national economic branches, ministries, and departments.

INDUSTRIAL DEVELOPMENT

Latvian Minister of Industry on Present Situation in Industry

914.0590.4 Riga LATVIJAS JUUNIENE in Latvian
16-17 Feb 91 p 2

[Interview with Latvian Minister of Industry Janis Oherins by Guntis Rozenbergs: "I Do Not Have a Special Version"]

[Text]

[Rozenbergs] What share of industry located in the Republic is under your authority, and to what extent are you a manager of it?

[Oherins] More than half of the industrial enterprises are within our sector of influence; however, we do not intend to become the managers. It is the owner of the property that must be its manager. Together with the [work] collective, he must find the optimal method for collaboration. With enterprises gradually becoming independent, our influence decreases as well.

[Rozenbergs] What can be done about enterprises in Latvia that are under all-union subordination? In January, a resolution on their voluntary transfer to republic authority without compensation was adopted in Russia...

[Oherins] Their transfer to republic subordination is most necessary. But to declare that all that is located on Latvian soil belongs to us is not enough. At the moment, these enterprises and those who run them are in a complicated situation. On the one hand, they understand that the tax legislation of the Republic will not leave them out. On the other hand, because the enterprises are property of the USSR, the center strives to offer them its own operational model. However, there is no guarantee that it will be any better than the one offered by the Republic. Furthermore, the political situation in connection with this problem is continuously being "heated up."

We could stimulate the transfer of these enterprises to our side economically, but the possibility of granting favorable terms is quite limited—we cannot, for example, exempt them from paying taxes for five years.

Russia's position on this will speed up the attainment of the outcome we desire. The solution is not dependent solely upon the wishes of the Republic—we have already expressed these to the Union government, but have not received any reply. The contradiction must be settled in a dialogue between the state governments.

[Rozenbergs] Are you not envious as you observe the energetic action of the Russian government?

[Oherins] I am not envious. I very much dislike the trait, and try to suppress it.

[Rozenbergs] Many enterprises have begun acting in accordance with the union resolution on the creation of joint stock companies at enterprises in Latvia.

[Oherins] This resolution was of course adopted without regard for the government of the Republic. However, when emotions have run their course, the transfer of 51 percent of the shares of an enterprise for sale to its collective at favorable terms won't seem so bad after all. True, it isn't clear where the 49 percent that is not the property of the enterprise will end up. The Union still

doesn't have any law on the transformation of enterprises into joint-stock companies. Such a law could conceivably come into conflict with this government resolution.

[Rozenbergs] But at the time this resolution of the center was adopted, our government didn't have anything better to offer these enterprises, right?

[Oherins] Yes. Unfortunately, no package of laws on the conversion of property has been passed yet in Latvia, for we are afraid of taking steps that have not been fully thought through. After all, there have yet to be such laws elsewhere, either.

Several enterprises subordinate to the Union—for example, "Alfa"—have responded to the center's offer. And I don't wish to rebuke such collectives for having done so. The great energy and enthusiasm with which they have begun selling shares proves that they have an understanding of the conversion of property. Thus, when a member of the collective has the opportunity to get shares, his attitude toward private property, which he otherwise so disdains, also becomes normal.

[Rozenbergs] In your opinion, how should the conversion of state property take place in Latvia?

[Oherins] First, the conversion of property should take place not by giving it away, but through selling it off. Sure, you can give it away to everybody, but you have to understand that just the same, after about five or six years this property will have "emigrated away" to the most energetic people. Just the same, after ten years the property of the Republic will reside in the hands of no more than 20 percent of the population of the Republic.

A citizen must choose to acquire property, and must work it so that it produces some benefit. If we use coercion, then it will be hopelessly lost capital.

When carrying out the conversion of state property in contradiction to the procedures of the program, one should consider the suggestions of enterprise workers and their leadership for the most correct method of privatization.

[Rozenbergs] How will Gorbachev's "*ukaz*" on the far-reaching rights of internal affairs institutions and the KGB in the realm of economics affect the economy of the Republic?

[Oherins] The "*ukaz*" was conceivably adopted for political reasons as well. Nevertheless, it is undeniably tied to the extremely high rate of organized crime in the Soviet Union, and uncontrollable financial machinations.

After all, only with a proper tax, financial, and monetary system, and a system for their control, can one qualitatively struggle against economic crime. In order that this "*ukaz*" not cause economic chaos, we must watch carefully what we can or cannot afford to do in what

situations. In economics, one can not act according to "maybe" or "it seems to me."

[Rozenbergs] When reorienting the military industrial complex to the satisfaction of civilian needs, won't the profits gained in this sector nevertheless end up at the disposal of the military?

[Oherins] The conversion of the military complex is laudable. Goods will appear that have up to now been lacking. And if goods appear in the Russian market, then, by using the horizontal links between republics, we in Latvia will also get them.

What we have in mind is an endless process. Of course, someone is going to want to make off with the profits of military industries, but if the budget and its outlays are discussed in parliamentary fashion in the future as well, then the profits of these enterprises will be used as mutually decided. Furthermore, the industries of the military complex will need quite a lot of resources for restructuring to the requirements of peacetime production of output.

[Rozenbergs] In your opinion, where have goods disappeared to? Not one enterprise has ceased production on account of any shortage of raw materials.

[Oherins] I don't have any special version. Overall, production by enterprises of the Latvian Republic decreased very little last year. But with increasing inflation, people strive to materialize all their resources into goods. In previous years, the movement of goods was made very difficult—it took place for the most part through government channels. Now, with the advent of entrepreneurial activity—cooperatives and joint ventures—which stimulates the turnover of goods, goods move through the great nation's territory extremely expeditiously. After all, in the Union, incomparably fewer goods are produced per capita than in Europe. Wherever the shortage in the Union is greatest, that is where goods flow off to most. And customs as it is now presents no obstacle. After all, there is an open interrepublic communications system. Furthermore, up to now, the utility value of many goods has been much greater than their price.

It would be a miracle if such goods didn't disappear from the stores. But they are not hidden anywhere, nor are they suspended in thin air; they end up with their buyers. But how much is paid for these goods, and in which pocket does the money from the difference end up?

All of our industries are monopolized. As soon as there is a strike in one of them, chaos in the supply of raw materials and goods sweeps across the whole Union like a chain reaction.

[Rozenbergs] The beginning of this year was very bleak for us. What is your prognosis for the rest of the year?

[Oherins] For the economy, this will be a year of continuous searching and deliberation over contradictions.

AGRO-ECONOMICS, POLICY, ORGANIZATION

Problems, Prospects of Russian Farmers Described

LD1004154891 Moscow TASS in English 1339 GMT
10 Apr 91

[Text] Moscow April 10 TASS—There are 8.5 thousand farmers and 4.5 thousand farming cooperatives in Russia at present. The All-Union Academy of Agricultural Sciences predicts that with intensive development they can yield 5 to 10 per cent of the gross agricultural product this year. Nikolai Popov, general director of the Association of Peasant Economies and Agricultural Cooperatives, said in an interview with SOVETSKAYA ROSSIYA.

"The number of farms and cooperatives is expected to double by the end of the year, so their output will also increase," Popov said.

He said that farmers are still unable to compete with collective and state farms. Only three per cent of the legal entities owning plots of land had 200 hectares as of February 1, 1991. Up to 70 per cent of farmers have plots of from 5 to 20 hectares.

"The state allocates over 20 billion roubles every year to finance collective and state farms, while appropriations for farmers amounted to only one billion roubles. Two-thirds of the number of collective and state farms are in the red and by subsidizing them the state encourages sponging," Popov said.

Ter-Petrosyan Comments on Land Privatization Process

NC0704104691 Yerevan ARMENPRES International
Service in Armenian 1215 GMT 5 Apr 91

[The Speech by Levon Ter-Petrosyan, chairman of the Armenian Republic's Supreme Soviet, at the opening of the second session of the republic's Supreme Soviet"—ARMENPRES headline]

[Excerpts] Yerevan, 5 Apr (ARMENPRES)—Before opening the deliberations of the session, I would like to cast a quick glance back so that we can avoid repeating past mistakes in our future activities. [passage omitted]

From such a backward glance, we observe that out of necessity political problems have so far dominated the activities of the republic's authorities. The same situation prevails in the other republics and in the Soviet Union as a whole given the fact that political reform is by far the most important condition for the development of Soviet society. As long as political problems are unresolved, it will not be possible to implement any program for society's economic development.

It is clear that political problems will continue to occupy an important place in the life of the republic in view of

its imprecise relations with the center and the other republics, the upcoming republican referendum, the need to enhance the productivity of the executive organs, and so on.

However, no political reform, no matter how progressive, can decisively affect the development of society unless it is accompanied by serious economic measures. As such, political issues, while continuing to remain important, will inevitably give way to economic problems.

The second session of the republic's Supreme Soviet will have to structure its work in light of these considerations. In coming days we will hear the republic's prime minister on the economic development issues, and so I do not want to concentrate on these issues now.

I think it is necessary, however, to say a few words about the most important issue under implementation: the problem of land distribution. Land distribution work has already started and, despite shortcomings, it is proceeding far better than expected. As you know there were doubts and expressions of skepticism, even expectations of social clashes. Such fears have evaporated. There was, and unfortunately there still is, serious opposition to such work, particularly at the lower links of authority and at the level of village enterprises. This is explained by the fact that with the allocation of land to the peasants, the directors of these enterprises are effectively deprived of their authority. For this reason delays and at times outright obstructions are taking place.

Nevertheless, it can be stated with satisfaction that despite such negative phenomena the people have basically endorsed this vital measure with great enthusiasm. Major changes have already taken place in regions where the land distribution process has started. This first of all relates to Ararat plain where land distribution work got under way first because of the weather conditions. I hope that the example of Ararat plain can be emulated in Armenia's hilly and mountainous zones.

I would like to stress, however, that we cannot be satisfied with what we have already achieved. During the month-long recess of the session, our deputies, together with the representatives of the government, worked hard on land distribution. In this connection, I particularly want to point out the energetic work done by People's Deputies Grigor Avagyan, Khachik Safaryan, Norayr Manaseryan, and Martunik Gahramanyan. I ask that this assistance not be terminated during the second session and, as much as possible, more people's deputies be included in the organization of land distribution.

Chelyabinsk Farm Sets Example in Privatization

PM1204132191 Moscow Central Television First
Program Network in Russian 1800 GMT 3 Apr 91

[From the "Vremya" newscast: Report by A. Artsibashov, S. Gurov, identified by caption]

[Text] [Artsibashev] Will the kolkhozes and sovkhozes [collective and state farms] cope with the spring field work? Will they conclude the wintering successfully? You need not worry about farms such as the "Rossiya" pedigree cattle farm near Chelyabinsk. There they will complete the sowing on time, there will be no harvest losses and they will not fall behind with livestock raising. The people here are hard-working and thorough. So that nobody can shirk responsibility, they have shared out fairly all the land, the livestock, and the tractors. People can work in the artel or alone on a private plot, as they wish. No longer will they do menial work either on the sovkhоз or in the livestock unit—they will get back what they put in.

So you have shared out all the money?

[I. Maletina, milkmaid—identified by caption] Yes, we have

[Artsibashev] And the land, too?

[Maletina] Yes, the land too.

[Artsibashev] And everybody is happy?

[Maletina] Yes, everybody is happy.

[N. Loginova, milkmaid—identified by caption] Ivan Vasilyevich has issued dividends to us. Some people have received 36,000 [units not given] because they are indivisible, while the divisible funds have been put into an account, and we will all be drawing them now, in April.

[Artsibashev] They say that you do not intend to pay the management any more

[Loginova] We are not really against them. They are not sitting around doing nothing. Our Ivan Vasilyevich also has plenty to do. Outsiders might think that some people don't work enough here. Everybody works here. Nobody is idle here, including the head of the complex, the team leaders, and the livestock specialists—nobody is sitting here doing nothing.

[Artsibashev] So you don't want to start up your own livestock unit?

[Loginova] Well, why should we? We already have plenty of work.

[Artsibashev] So have you shared everything out?

[I. Grigoryev, director of the "Rossiya" pedigree livestock farm—identified by caption] Yes, generally we can say that the share-out has taken place. Or, more precisely, we have carried out the privatization of state property into private and collective ownership.

[Artsibashev] How much, for example, did your established workers receive?

[Grigoryev] The best received from 85,000 [units not given]—that is their indivisible share.

[Artsibashev] And what land do they have?

[Grigoryev] They have 50-70 hectares.

[Artsibashev] But you yourself don't want to branch out on your own?

[Grigoryev] No, I have always been in a collective. I started on a collective farm and went on to the state pedigree livestock farm, and now I'm in a collective enterprise.

[Artsibashev] If only we had more such collective enterprises and managers: the food supply situation would quickly improve.

REGIONAL DEVELOPMENT

Rebalancing Uzbek Farming Economy 'Will Take Years'

PM1004103591 Moscow Central Television Vostok Program and Orbita Networks in Russian 1530 GMT 6 Apr 91

[From the "Vremya" newscast: Report by M. Ganiyev and S. Ziyamukhamedov, identified by caption]

[Text] [Reporter] I cannot say that the people are already getting used to the new prices. Because we know officially that half of Uzbekistan's population—mainly country people—live on the poverty line. This raw-material-producing republic starts from a lower level than other republics. Consequently, meat consumption is half the all-Union level, while bread consumption is higher. The reason for all this is this cotton boll—or the country's self-sufficiency in cotton. I remember how the apple orchards near Tashkent were chopped down, how the steppe and pasture lands were taken over, how flocks of sheep were pushed further and further into the desert, and how vegetable, feed, and grain fields and livestock herds were cut back. Important people came out from the center and said: "You give us cotton, and just wait a bit for the rest." Well, the country has become self-sufficient in cotton, but Uzbekistan has been left without food of its own. Since the beginning of the year the republic has failed to receive more than half of the milk and meat due to it from Union suppliers. Of course, cotton fields are now being closed down in Uzbekistan and the land distributed to the peasants. Feed production and livestock herds are being increased. There are already a lot of green vegetables to be seen in the markets, but it will take years to rectify the mistakes made in stockraising. So far, braised meat and butter have appeared in the stores—but even they are rationed. Meat is available from private stallholders at the markets, but at 25 rubles a time. The republic's government is making every effort to find a way to solve these problems. Compensation is not enough to feed a large Uzbek family—consequently, free meals are being continued at the republic's schools. As of 8 April meals will

be available to students at higher educational institutions, technical colleges, and other colleges at cheaper prices. The 15-percent tax on many everyday items, such as food and children's clothes, has been lifted. Prices of flour and bread are the same as they were before—in other words, cheap.

LIVESTOCK AND FEED PROCUREMENT

Feed Shortage Cited in Lithuanian Pork, Beef Production Decrease

LD0704094391 Vilnius TIESA in Lithuanian
20 Mar 91 p1

[Article by Violete Griskoniene entitled, "Disappearing Currency," under the rubric, "Economy"]

[Excerpts] Some regard it as an insult to have Lithuania further continue as if it were a huge meat department. Was this not the case, however, during the Lithuanian independence years? Finally, what are we going to use to purchase oil, fuel and raw materials with? [passage omitted, detailing the shortage of meat in shops and the plight of farmers in the face of price increases and stressing the need for price reforms]

We have only one solid currency, for the time being—one raised by the agricultural workers. Only in exchange for it, can we obtain crude oil, fuel and raw materials. That is why we should take pride in the fact that Lithuania—is like a huge meat department. Not only

should we refrain from its destruction, but we should even try to expand production, in order that our own hunger would be sated and we would have something to sell.

Alas, 11 percent fewer pigs and three percent fewer cattle are being raised in the Republic during the current year. Already, as a direct result of this, we are losing approximately 45 thousand tons live weight. Moreover, animal productivity has also decreased, has it not? The principle cause—a feed shortage. This is a result of the economic war with the Soviet Union. Of course, we did not start it, however, we got going quickly and took initiative into our hands. Even during the blockade, the Union had supplied us with feed grain. Last year they supplied only three percent less than planned. Meanwhile, we sold 25 percent less meat to the Union.

According to contract, we should supply the Union, with the same amount of meat, as last year. However, even currently, it is obvious, we are not going to fulfill the contracts. Thus, we will pay penalties and will obtain appropriately less feed. If we obtain any at all. Moscow is threatening not to give us any feed, because of contract non-fulfillment. In other words, we will raise even less cattle, next year. Thus, not only will we be able to sell less, we will also be less capable of purchasing the goods we need, and also, will ourselves be forced to eat less meat. [passage omitted, discussing option of increasing local feed production as impossible and raising the question of not only failure to attain the West European standard, but also that of facing starvation. The need for trading in economy rather than waging war is stressed].

HOUSING CONSTRUCTION

Moscow Scheme Pioneers Housing Improvement

PM1004154191 Moscow Central Television First Program Network in Russian 1800 GMT 8 Apr 91

[From the "Vremya" newscast: Report by correspondent L. Khatayevich and cameraman V. Voronov, identified by caption]

[Text] [Announcer] The basic-type massive series of five-story apartment blocks provide a total area of more than 500 million square meters of housing in the country. In Moscow alone they house more than one million people. The question of their future was first raised around 10 years ago. But it was, so to speak, totally beyond us.

[Khatayevich] It was here in the capital's Sevastopol'skiy Rayon that the famous Cheremushki district, which became the model for similar districts in dozens of the country's cities, began almost 35 years ago.

This kind of dilapidated housing block can now be found all over—from Brest to Vladivostok—and the problems in those cities are the same as here. These people now

gathering around Aleksey Mikhaylovich Bryachikhin are hopeful. There are 26 five-story blocks here on Nametkin Street. Right now, that represents 70,000 square meters of housing. When it has been partially reconstructed, built on, or partially dismantled like this block, for example, and new blocks have been constructed, there will be 200,000 square meters of housing here. Incidentally, I said that these blocks would be dismantled and not broken up. A use will be found for all these components in the cooperative's work, in construction work on dacha and orchard plots.

[A.M. Bryachikhin, chairman of Moscow Sevastopol'skiy Rayon Soviet, identified by caption] There is nothing for it but to reconstruct and reequip existing housing stock.

[Khatayevich] How long will it take on the site we see here for the dreams to materialize?

[Bryachikhin] First, these are no dreams. This is practicable, unlike many of the schemes presented to us by highly qualified people at political spectacles. You can see work under way here. Take the first unit: these first two blocks on the site. I expect them to receive the first housing stock no later than next year, and you can come along and see it.

POLICY, ORGANIZATION

RSFSR Trade Minister on Stabilization

914D01784 Moscow RABOCHAYA TRIBUNA
in Russian 13 Apr 91 p 4

[Interview with RSFSR Minister of Trade Aleksandr Khlystov by Aleksandr Nadzharov: "What Is Happening in Trade?"]

[Text] The situation has not changed, but it has stabilized—such is the opinion of RSFSR [Russian Soviet Federated Socialist Republic] Minister of Trade Aleksandr Khlystov voiced 10 days after price increases.

[Nadzharov] Does this mean that the availability of goods to the populace has improved?

[Khlystov] What can I say? In general, foods have appeared on the shelves. In particular, the bread problem has been successfully resolved with the help of new prices. Dairy products are now available for sale quite regularly, but certainly not during all business hours. The situation with meat is worse. It has begun to appear in some places but, of course, we cannot say that demand has been met. To be sure, boiled sausage is freely available for sale in many stores of the republic. Even certain signs of having unsaleable merchandise have been observed.

[Nadzharov] Does this mean that coupons may be abolished soon?

[Khlystov] Unfortunately, it does not. Still, certain relief can be expected. In particular, the Russian Government is considering the issue of repealing the five-percent sales tax.

[Nadzharov] What is the progress of trade in manufactured goods?

[Khlystov] Merchandise for children, ladies robes, pantyhose, and some other things from a similar assortment have appeared. Threefold to fivefold price increases are the reason. As far as advanced household appliances are concerned, such as TV sets, refrigerators, vacuum cleaners, and washing machines, as well as furniture, the situation has not improved. It is as difficult to get all of these as it was before 2 April. After all, no matter how much you increase prices, the need for these goods will not be reduced. This is why perhaps, the most unpopular way out is the only way—to start working not just to put in time in a factory shop, design bureau, or office, but to manufacture more products.

Over 400 Light Industry Plants Close: No Raw Materials

914D0178C Moscow ARGUMENTY I FAKTY
in Russian No. 14, Apr 91 p 6

[Interview with General Director of the Moscow Rug Production Association V. Zornikov by I. Morzharetno "It Is Better To Have More But Better Things"]

[Text] Reports on the operation of the light industry of our country have recently increasingly come to resemble summary reports from a combat zone. Light industry enterprises are stopping, one after another, in the Ukraine and Siberia, Estonia and Uzbekistan. By now there are more than 400 of them. The reason is the same—there are no raw materials. At a time like this, it is particularly gratifying to visit an enterprise which is operating smoothly. General Director of the Moscow Rug Production Association V. Zornikov tells us how this is accomplished.

[Zornikov] We were on the brink of a stoppage even before the others, a year ago, due to the discontinuation of latex deliveries from Sumgait. No appeals to the ministry, the Council of Ministers, and the president personally helped us. By the fourth quarter of last year, centralized deliveries of raw materials from abroad, which accounted for 40 percent of our needs, were discontinued. We had approached everybody we could. No, they did not turn us down anywhere, they promised to help. However, there were no raw materials, and there still are no raw materials. I will say more: wool suppliers brought offers to us from Australia, New Zealand, and Pakistan; however, we did not have currency, and barter was strictly forbidden.

[Morzharetno] However, a way out was found after all?

[Zornikov] It was; the entire collective wracked their brains. Voronezh helped us out with latex. We succeeded in getting a number of enterprises there interested by means of the wage fund and the products of our association. We found and bought 300 tons of wool and some types of chemical raw materials inside our country. However, the main point is that we succeeded in making hard currency! We convinced the oilmen of Tyumen that this transaction would be mutually advantageous, and they bought our above-the-plan two-way carpets and rugs. This is when we really got going! We purchased raw materials, spare parts, and assemblies for equipment (in the last six years, not a kopek has been allocated to us for these purposes), updated the old equipment, and even signed a number of significant contracts with the West for the delivery of new equipment. In the process, we contacted the companies directly, rather than through Tekhnoinport as usual. We fought for every mark, and ended up saving 200,000.

It is going to be much easier now. This year, we are allowed to export 10 percent of our products after all. Many offers have already been made. We will break through, despite the fact that the world market for rugs is quite "crowded," and competition is great, and we will do so at a regular price. To us, this means an opportunity to purchase raw materials and equipment ourselves. We do not intend to beg from the state.

[Morzharetno] As is known, freely set prices for rugs have been established, but they are still not available for sale.

Is it that the laws of the market do not work under our conditions, or should prices be increased by a factor of two yet again?

[Zornikov] By no means; at present, prices for rugs are, as they say, at a limit to begin with. Increase them a little bit more, and rugs and two-way carpets will end up as dead freight in the shops and warehouses. On the contrary, we deliberately agreed to reduce the share of our own profits from 19.6 rubles per square meter to 8.6 rubles. The state of panic buying which prevails at present will come to an end very soon, and our rugs will be sold at a regular rate due to their good designs and high quality. If need be, we can reduce prices again.

[Morzharetto] To tell you the truth, it sounds improbable. In recent years, we have grown used to price increases only. Prices for your products have also increased by factors of four or five over 20 years.

[Zornikov] This was the ridiculous economy we had. If rugs were not selling, an order came from the top: reduce output. A free entrepreneur would have reduced prices, and the merchandise would have been cleared. Or else, they thought up the infamous struggle for quality at the expense of quantity. Supposedly, it is better to have fewer things, but of a better quality. Nothing of the kind! Quality may be worse, but prices are substantially lower. Every producer is entitled to determine himself what it is more advantageous for him to produce: just a few highly artistic products or popular but simpler products. There will always be demand for both.

1991-1995 Scientific-Technical Trade Priorities Set

*914D01764 Moscow TORGOUVAYA GAZETA
in Russian 9 Apr 91 p 2*

[Comments by USSR Deputy Minister of Trade F.I. Marchuk on scientific-technical programs to 1995: "In the USSR Ministry of Trade—Five Priority Programs"]

[Text] The collegium of the USSR Ministry of Trade approved industrial scientific-technical programs for the period to 1995 and assigned responsibility for their implementation.

Main administration of science, technology and trade equipment, VNPO [All-Union Scientific Production Association] "Progress"—"Development of progressive technology for freight traffic with the employment of crating equipment and containers, and packaged shipments of consumer commodities"; "Information processing in trade and public catering."

Administration for the organization and technology of retail and wholesale trade, VNPO "Progress"—"Development, rational disposition, and technical reequipping of warehouse trade management"; "Development and modernization of networks of general department stores and supermarkets, and an increased efficiency of their activity."

Main administration of public catering, NPO [Scientific Production Association] "OPEKC"—"Development of industrial methods of producing public catering products."

The overall coordination of work to implement the branch scientific-technical programs is entrusted to the main administration of science, technology, and trade equipment.

Our correspondent asked USSR Deputy Minister of Trade F.I. Marchuk to comment on this decision. Here is what he said:

The five priority programs were chosen according to trends in scientific-technological progress. Specialists of the ministries of trade of the USSR and the republics, scientists and practical workers took part in their development.

Present programs are continuing the development of previous ones. We will recall that the application of progressive technology of freight traffic with the use of crating equipment was started at first in 16 cities, then in 85, and today we have the capability of initiating a broad introduction of the technologies in practically all cities with a population of more than 50,000 persons. This will facilitate an increase in the level of mechanization in the retail trade from 17-18 percent to 30-32 percent and higher, it will increase labor productivity by no less than a factor of 1.5, it will free more than 100,000 workers from manual labor, and, what is no less important under conditions of the transition to a market, it will improve the economic work indices of trade enterprises. The overall economic effect from the introduction of progressive technologies will amount to about 200-250 million rubles [R] annually.

The second program envisages the reequipping of warehouse trade management. During five years, it is planned to reconstruct 440,000 square meters of warehouse floor space, to carry out technical reequipping of 636,000 square meters, and to expand and construct more than 800,000 square meters. In warehouses that are more than six meters in height, it is planned to employ warehouse automated complexes SA-1 and SA-0.5, and up-to-date experience in their use was summarized at a seminar-conference in the city of Lipetsk. For warehouses with a lower height, system technologies will be developed with the use of electric loaders, stackers, electric trucks, and other equipment. Warehouse construction will be conducted with the use of new resource-saving materials and structures.

The implementation of this program will make it possible to raise the level of mechanization at advanced enterprises up to 60 percent, and, as a whole in wholesale warehouse management, up to 34 percent.

The broadest program is the "development and modernization of a network of general department stores and supermarkets, and increasing the efficiency of their activity." It is planned to put into operation 66 new

and the ministries and departments. The main thing is that they are intended to aid workers of the branches of the national economy in undergoing the difficulties of the transition to a market economy.

[Slesarev] And how are relations arranged between the Turkmen SSR Trade Union Federation and the republic government?

[Achilov] Completely in keeping with the Regulations of the FPT [Turkmen Trade Union Federation], which state that the federation functions within the framework of the Constitutions of the Turkmen SSR and the USSR and Soviet laws, and its actions are independent of organs of state and economic administration and political and social organizations and movements—it does not report to them and is not under their control.

But independence does not rule out businesslike, civilized cooperation. And it should be based, in the first place, on an agreement between the federation and the Turkmen SSR Cabinet of Ministers. When the agreement was being developed they took into account the suggestions of branch trade unions aimed at strengthening the protection of social guarantees and reducing the negative consequences which could affect the workers in connection with the transition to market relations. It includes key issues affecting the interests of the people: employment, wages, labor protection, aid to people living and working in an unhealthy ecological situation, improvement of workers' health, protection of housing rights, public education, and questions of youth, culture, and sports. And, of course, there is the "consumer basket" which would provide citizens of the republic with the normal minimum standard of living.

Permanent commissions of the Turkmen Trade Union Federation council participated in the development of the agreement, it was discussed by the presidium, and it is now being discussed at the corresponding levels of government in order to develop the final text.

A special commission has been formed to conduct negotiations with the government. One must say that such forms of cooperation are something new for members of the work group. While mastering negotiating skills, they are improving their ability to express and convincingly justify and defend the interests of the working people during the process of developing and concluding agreements.

One can understand such care and punctuality. For what is important is not the form of the document but its content and the actual implementation of the measures that have been proposed. Here one needs a deep understanding of the real economic processes and legal rights of the workers. Only with this kind of mutual understanding is it possible to reach the "golden mean" of the interests of each participant in the agreement.

[Slesarev] What has been done and what is being done?

[Achilov] In the first place, we are participating in the development of a program for the transition to a market economy.

The Turkmen Trade Union Federation has a basically positive attitude toward it. It should contribute to getting out of our unbalanced economy and neglect of the social sphere, and it could become the foundation for providing for social protection of the republic's population.

At the same time the Turkmen Trade Union Federation suggested certain amendments to a number of points of the program. Thus its first edition envisioned entrusting work for the withdrawal of the state and privatization to a commission created under the ispolkoms of the soviets of people's deputies. Our position regarding this point of the program was fundamentally different: The participation not only of skilled specialists but also of trade unions is needed here.

This suggestion was acted on: in the final draft it is emphasized that the aforementioned commissions must work in conjunction with representatives of trade union organs.

A point related to one of the primary measures for financial improvement was also corrected. It is intended to introduce a moratorium of 1.5 to two years on that part of the funds belonging to the enterprises. It was suggested that these include also what is left of the economic incentive funds.

How did the federation regard this measure? It thinks that these funds were earned by the labor collectives and therefore should be used to create normal working conditions for enterprise workers.

At the suggestion of the trade unions the last version says that this part of the funds may be used to improve social conditions for the labor collectives. But the managers of enterprises and the chairmen of trade union committees should remember that if under the conditions of the universal shortage of raw and processed materials and labor resources these funds are not used for social purposes, they can be used by the state.

[Slesarev] How are the most basic rights of the trade unions being realized—for legislative initiative or participation in norm setting?

[Achilov] The Turkmen Trade Union Federation is faced with a concrete task: to improve previously adopted laws and prepare new ones to strengthen the legal protection of the worker.

The trade unions are insisting on the most rapid development and adoption of the Turkmen SSR law on employment of the population. After its draft was considered by the Council of the Federation, they drew up a

"package" of proposals whose implementation will eliminate norms that encroach on the interests of the population and labor collectives. The federation's position must be given attention when the draft is being developed.

The Turkmen Trade Union Federation thinks that the Turkmen SSR must adopt a law on indexation of incomes. Its essence should be this: taking into account the price increases, wages, pensions, and stipends should be raised to the same level. The law should establish that the citizens have the right to compensation for the increased cost of goods and services. Nor is there any doubt that there is a need to adopt a law on a minimum consumer budget.

To sum up, I will emphasize the main thing. The transition to a market economy must entail not deterioration of the life of the population but a surmounting of the negative tendencies and the creation of conditions for raising the people's standard of living. And the republic trade unions are making their contribution to strengthening social stability in society.

Kazakhstan Establishes Independent Mine Union

914F0187B Moscow RABOCHAYA TRIBUNA
in Russian 11 Apr 91 p 1

[Article by RABOCHAYA TRIBUNA correspondent Lev Rumyantsev: "Kazakhstan: A Republic Miners Union Has Been Created"]

[Text] Karaganda—On Tuesday, 9 April, 400 delegates founded the Independent Union of Employees of the Kazakhstan Mining Industry at their professional congress. The delegates were authorized to do so by almost 200,000 employees of Karaganda and Ekibastuz mines.

Article 16 of the new trade union charter is entitled "Strikes." It says, in particular: "It is necessary to obtain permission from the republic Miners Union central committee in order to prepare, begin, and conduct a strike in a republic industry branch. The republic trade union central committee makes the decision to conduct a strike and also bears responsibility for the strike if no fewer than two thirds of the members with a deciding vote spoke for the strike."

MARITIME AND RIVER FLEETS

North-South River Road Reopens Under Market Conditions

PM1104133991 Moscow Central Television First Program Network in Russian 1800 GMT 8 Apr 91

[From the "Vremya" newscast: Report by S. Chekalin and V. Belousov, identified by caption]

[Text] [Announcer] The ships of the Western River Steamship Company have opened the 1991 navigation season.

[Correspondent] Do you know that you can travel from the river port of Kaliningrad on the Baltic to Iran using the Russian river and canal system. Scarcely had spring released the rivers than these river-sea ships set off down this route. The steamship company's collective is

embarking on this navigation in a completely new capacity, under new conditions, with to all intents and purposes market relations and freely decentralized commerce. In previous years every trip, particularly to foreign ports, was planned from above, by the ministry. This deprived the ships' captains of any initiative. Now there is no ministry. A river steamship concern has been formed in its stead, comprising representatives of the steamship company. Its apparatus is funded by the steamship company and carries out their contract work. They are now buying up their own ships, which were leased. The river workers have autonomously, on the basis of market conditions, begun to fight for clients; they are mastering new freight flows, as is the case worldwide. As a result of this work, last year Kaliningrad port processed eight million tons of freight, and the profits and shipments plan was considerably overfulfilled. We wish the river workers equal success in the 1991 navigation season.

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